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NEWS SUMMARY

GENERAL

2,000 police held in Punjab

About 2,000 policemen have been detained and three police armories taken over by Indian troops in the north-western state of Punjab.

Cup fans hurt

St. John Ambulance reported 146 casualties, some serious, as 200,000 supporters yesterday cheered Arsenal on the team's celebration tour in North London after Saturday's 3-2 Cup Final victory against Manchester United. Match report, Page 13

College action

There will be more disruption in education today when lecturers in polytechnics and local authority colleges impose a strict 30-hour week and withdraw good will in pursuit of their 28 per cent pay claim. Back Page

Callaghan blamed

Labour left-wingers urged constituency associations to support a motion censuring Mr. Callaghan's Government and the Executive National Executive for failing to fight the election on policies endorsed by the annual conference. Back Page

Shah death plea

Ayazollah Khatkhaty, an Iranian religious leader, said the world should not take any action against the exiled Shah. They would be doing their Islamic duty, and would therefore not be terrorists. Page 2

Split averted

Bishop Abel Muzorewa, Prime Minister elect of Zimbabwe Rhodesia, yesterday averted a split in his majority United African National Council by ignoring a party call to expel Mr. James Chikema, his deputy during the transitional government. Page 2

Murder bid

Lebanese Parliamentary deputy Amin Gemayel and his wife were slightly injured in an assassination attempt. A land mine damaged their car on a mountain road north-east of Beirut.

Everest record

Two Yugoslavs yesterday became the first men to reach the top of Mount Everest using the West Ridge all the way. They took more than eight hours to climb the last 488 ft to the summit.

Briefly...

Search continued for the body of an angler still missing after Saturday's boat collision near Littlehampton, Sussex, in which four others died. Queen Silvia of Sweden gave birth prematurely to a boy. Japanese ambassador to Nepal, Minao Suzuki, was "satisfied" in hospital after being shot in the stomach in a Singapore hotel room. South African Jody Scheckter (Ferrari) won the Belgian Grand Prix. Britain yesterday enjoyed the warmest day so far this year with temperatures reaching 24C (75F), but the heatwave is unlikely to last long. Weather. Back Page.

BUSINESS

Nickel miners' strike continues

INTERNATIONAL Nickel workers in Canada have voted against a settlement of their eight-month old strike at the company's Sudbury Mines, against the recommendation of their union officials.

The Ontario mine produces 70 per cent of the group's nickel, as well as copper, cobalt and platinum, and the strike has drastically reduced nickel stocks. As Inco is the world's biggest producer of nickel, shortages have already been felt in some grades and nickel prices have risen sharply in recent months. Back Page

CONSERVATIVE Government's first legislative programme, outlined in the Queen's Speech tomorrow, is expected to focus on a radical shift in industrial policy, with reduction in Government involvement in industry by public sector pruning and a cutting back of industrial subsidies.

SIR GEOFFREY HOWE, the new Chancellor, will find it difficult to make significant income tax reductions in his forthcoming Budget and keep the public sector borrowing requirement down to the former Labour government's £3.5bn limit. Barclays Bank latest financial survey warns. Page 4

RETAIL SALES figures for April published today are expected to show the extent of the spring pick-up in the last eight weeks following the winter slack period when bad weather and industrial unrest had a significant impact on sales. Page 5

FREIGHT TRANSPORT Association has urged the Transport Minister to raise the maximum permitted weight of UK lorries from 32 tons gross to 40 or 44 tons, arguing that a 33 per cent increase in payload and considerable reductions in transport costs could be achieved. Page 5

NORTH SEA oil production last month dropped by more than 11 per cent, largely due to maintenance and repair work carried out at the Forties Field. Production should start to recover this month with the commissioning of the main platform on the Ninian Field. Page 5

LABOUR POST OFFICE telecommunications clerical staff are to step up their industrial action if necessary to obtain a settlement based on the recent Civil Service pay deal which gave average rises of 25 per cent. All six unions representing 200,000 workers are seeking a meeting with the Post Office chairman, Sir William Barlow. Page 6

TYNE SHIP REPAIR group has renewed its no-strike agreement with its 3,500 workforce, guaranteeing employment to permanent workers until the end of this year. Page 6

HAMBRO LIFE long term assurance fund rose by 27 per cent in 1978 from £506m to £646m, and premium income advanced 38 per cent from £126m to £171m. Page 24

NORTHERN ENGINEERING INDUSTRIES chairman says the company has a good forward order book in spite of the transport strike and bad winter. Page 24

MORGANITE Ceramic Fibres is to spend £2.5m on expansion at its Bromborough, Merseyside, insulation plant. Page 4

Ministers prepare list of possible spending cuts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT.

Treasury Ministers have put forward a highly detailed list of suggestions for possible cuts in public spending, alongside the Treasury's own proposals. These ideas are being considered as part of a two-stage review of existing plans.

The preparation by the Tories has been more extensive than undertaken by previous new administrations. Treasury officials are apparently impressed by the amount of work done in opposition by the new Ministers, headed by Mr. John Biffen, the Chief Secretary, and Mr. Nigel Lawson, the Financial Secretary, and by their special advisers.

The new team has some definite ideas of what it considers to be feasible. The Tory exercise was designed to mirror the annual Whitehall review and every item in the expenditure. White Paper was re-examined.

But the incoming Treasury Ministers hope that large areas of potential economies have been identified and spending Ministers have been educated to think in terms of reductions to programmes rather than additions. This is apart from the various specific commitments to extra spending, as on defence.

The first stage of the review is to assess what savings can be made in the current 1979-80 financial year. Any changes will be announced in the Budget on June 12.

The second, and more important, stage involves a wide-ranging re-examination of all programmes. This has been fitted into the usual annual public expenditure survey, which will now be slightly more compressed than usual.

It has been recognised from the start that cuts could only really bite from 1980-81 onwards because of forward commitments. But the Conservatives have been educated to think in terms of reductions to programmes rather than additions.

The Commission has revised its original working paper which discounted Britain's claim that the EEC budget contributions imbalance is a major hindrance to convergence between the national economies of the Nine.

The revised document is likely to be viewed by Sir Geoffrey as only marginally more satisfactory than the original. The confidential paper now acknowledges the importance of net budget transfers, where as before the sums involved were described as "too small to have any significant effect".

Britain's disproportionate contributions and the scale of interest rate subsidies which would be guaranteed should the UK join the European Monetary System later this year, are likely to be raised by Sir Geoffrey. He is expected to make it plain that the new Conservative Government intends to press for the reform of EEC budget policies.

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More acute in the weeks ahead as Congress comes to grips with such critical energy problems as the windfall profits tax on the oil companies, which Mr. Carter hopes will balance the impact of his decision to remove, over two years, Federal controls on domestic oil prices.

Over the weekend Senator Edward Kennedy sharply attacked this because of the added burden it would place on the poor. It is generally thought that Mr. Carter badly needs a respected advocate to offset the avalanche of criticism now descending.

Talks on record Wall St. merger

By John Wyles in New York

PRELIMINARY merger negotiations are believed to be underway between Shearson Hayden Stone and Loeb Rhoades Hornblower which, if successful, could produce the largest merger in Wall Street history and the second largest securities firm on the U.S. industry.

Confirmation of reports of the negotiations was unobtainable yesterday but a spokesman for Loeb Rhoades was quoted at the weekend disclosing that talks were under way. Loeb Rhoades, itself the product of a large merger at the beginning of last year, has been at the centre of Wall Street rumours for several months.

Ranking about sixth largest in the securities industry, Loeb Rhoades is believed to have lost heavily in the final quarter of last year because of last October's steep fall in the stock market. In January, the firm revealed it had secured an \$8m loan to raise its total capital to around \$100m.

On the other side, the main debate now looks like turning on whether the basic rate of VAT, now 3 per cent, should be raised to just 10 per cent or even higher.

In the longer-term, suggested cuts in spending include the well-established areas of industrial aid and employment and housing subsidies together with administration of the welfare state and transport subsidies.

The Treasury itself is expected to revise one of its own favourite economies — the £480m spent on regional development grants. A reduction in these grants had been suggested during the Labour Government on the grounds that their effectiveness had been reduced by other selective aid, such as employment subsidies.

Other topics for today's meeting include oil price rises, the final go ahead for the first tranche of the Orford facility, a £600m ECU, £300m, community financing instrument for infrastructural development and discussion of work sharing targets recently outlined by the Commission.

Lord Carrington, Britain's Foreign Secretary, indicated to fellow EEC Foreign Ministers yesterday that the Conservative Government would make Europe one of its main priorities in overseas affairs.

These views were reported by M. Jean Francois-Poncet, the French Foreign Minister, after a two-day informal meeting of EEC Ministers at Cabors in the South of France. He said that France welcomed the British pledge to make a positive commitment to European affairs.

Saudis not to buy fighters for Egypt

BY ANTHONY McDERMOTT IN LONDON AND ROGER MATTHEWS IN CAIRO

SAUDI ARABIA has stopped short of total opposition to the Egypt-Israel peace treaty by imposing only selective economic sanctions against Egypt. It has decided not to fund the purchase of U.S. fighter aircraft, but characteristically, not to withdraw vital funds lodged with the Central Bank of Egypt.

President Anwar Sadat has confirmed that Saudi Arabia will not pay the \$225m for the 50 F-15 jet fighters it had promised to purchase for Egypt from the U.S.

Mr. Sadat said on Saturday that he would ask U.S. citizens to raise the money by public subscription so that it would not be a burden on his exchequer.

By contrast, it is reported from Saudi Arabia that the Government there is, at present, resisting pressure for the withdrawal of deposits of \$0.5bn lodged with the Central Bank of Egypt.

While the Saudi action reflects resentment at Egypt's signing of a peace treaty with Israel, and at bitter attacks by Mr. Sadat on the Saudi royal family, it also indicates reluctance to go so far that Egypt's economy might be affected to the extent of ultimately bringing Mr. Sadat down.

Reasoning The Saudis must be reasoning that by denying finance for aircraft destined for Egypt, they can make two political points at the same time. First, if Egypt has made peace with Israel, it has no pressing need for aircraft.

Second, by apparently stopping a military deal between the Arab world and the U.S. It makes the point to the U.S. that there are other sources of arms, in particular, France.

Yesterday in Paris, Crown Prince Fahd denied that Saudi Arabia was planning to cancel the purchase of 75 U.S.-made F-15 warplanes in favour of French Mirage 2000s. President Sadat said in an interview with a U.S. newspaper that he thought Saudi Arabia would drop its orders for F-15s and would seek to buy Mirages instead.

The F-15 deal went through U.S. Congress last year after fierce opposition from the Jewish, lobby and harsh criticism from Israeli Premier Menachem Begin.

As for the bank deposits, Saudi Arabia is understood to have agreed with Kuwait not to withdraw funds totalling \$1.5bn. A senior Kuwaiti official was quoted on Saturday as saying that Kuwait had made no contact with the Bank of Egypt concerning its deposits of about \$1bn.

While the threat of withdrawal of the deposits might provide some leverage, Saudi Arabia is understood to be concerned that withdrawal now might provoke retaliation against private Saudi holdings in Egypt.

Further, compromise with hardliners over the deposits, which were lodged originally as a form of assistance, could put a question mark over the future of nearly 250,000 Egyptians working in Saudi Arabia. The kingdom is heavily dependent on Egyptian labour, particularly in schools—there are 60,000 Egyptian teachers in Saudi Arabia—and in medicine.

Isolated On Saturday, President Sadat again attacked other Arab countries in a speech at the Nile delta town of Tanta. "The blood of our sons has filled their coffers with billions of dollars. Thanks to the 1978 victory the price of oil rose four times," he said. "But Egypt could not ask for any aid from these dwarfs... as with our heads held high we shall build with our own hands our well-being and prosperity."

EEC budget imbalance heads Brussels agenda

BY GILES MERRITT IN BRUSSELS

A COMMISSION paper discussing the imbalance in the EEC Budget will top the agenda at a Common Market Finance Ministers' meeting in Brussels today at which Sir Geoffrey Howe will make his first major public appearance as Chancellor of the Exchequer.

Britain's disproportionate contributions and the scale of interest rate subsidies which would be guaranteed should the UK join the European Monetary System later this year, are likely to be raised by Sir Geoffrey. He is expected to make it plain that the new Conservative Government intends to press for the reform of EEC budget policies.

The Commission has revised its original working paper which discounted Britain's claim that the EEC budget contributions imbalance is a major hindrance to convergence between the national economies of the Nine.

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Over the weekend Senator Edward Kennedy sharply attacked this because of the added burden it would place on the poor. It is generally thought that Mr. Carter badly needs a respected advocate to offset the avalanche of criticism now descending.

Optimistic

Mr. Weill is more optimistic about the future of securities brokerage than some others on Wall Street and a merger with Loeb Rhoades would undoubtedly increase his influence over the industry's general direction.

If the merger were to go ahead the combined capitalisation of the new company would be in the region of \$200m, far short of Merrill Lynch's dominating \$700m but well ahead of the E. F. Hutton group which holds the number two position.

In addition, the new company would have about 284 offices worldwide and some 3,500 securities salesmen.

The largest merger so far on Wall Street brought together Dean Witter and Reynolds securities in 1977 into a firm with a combined capital of about \$162m.

Since then the merger pace has slackened, largely because negotiated commissions for institutional transactions have stabilised after the sharp drop following the abandonment of fixed commissions in 1975.

Lord Carrington, Britain's Foreign Secretary, indicated to fellow EEC Foreign Ministers yesterday that the Conservative Government would make Europe one of its main priorities in overseas affairs.

These views were reported by M. Jean Francois-Poncet, the French Foreign Minister, after a two-day informal meeting of EEC Ministers at Cabors in the South of France. He said that France welcomed the British pledge to make a positive commitment to European affairs.

Over the weekend Senator Edward Kennedy sharply attacked this because of the added burden it would place on the poor. It is generally thought that Mr. Carter badly needs a respected advocate to offset the avalanche of criticism now descending.

Underpinning the political debate is the lack of public explanation for the petrol shortages which this weekend for the first time seriously spread beyond California. Along the Eastern seaboard filling stations were closed and long traffic jams resulted as motorists hunted for petrol, their fears exacerbated by a series of inflammatory news reports.

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Table listing various sections and their page numbers, including Latin America, Mining, Management, and a detailed index of articles.



# BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

### INTERIM REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 31 MARCH 1979

#### CONSOLIDATED PROFIT

The unaudited consolidated results of Barlow Rand Limited and its subsidiaries for the six months ended 31 March 1979, together with the results for the same period last year and the audited results for the year ended 30 September 1978 are:

	Six months ended 31 March 1979	1978	Percentage Increase	Year ended 30 Sept. 1978
Turnover	599,848	400,967	50	935,323
Trading profit	72,215	43,308	67	110,216
Income from Investments	5,051	4,403	13	11,706
Profits on sale of shares less amounts written off	—	1,081	—	1,351
Profit before taxation	77,266	48,792	58	123,273
Taxation	30,930	19,279	—	45,968
Profit after taxation	46,336	29,513	57	77,305
Attributable to outside shareholders in subsidiaries	15,373	8,572	79	22,565
Consolidated net trading profit	30,963	20,941	48	54,740
Less preference dividend	13	13	—	26
	30,950	20,928	48	54,714
Dividends declared and/or paid:				
Preferred ordinary — 10.37p per share on 12,191,634 shares	1,264	—	—	559
Ordinary	7,175	5,315	—	17,820
	8,439	5,315	—	18,379
Number of preferred ordinary and ordinary shares upon which earnings per share is based (000's)	115,510	102,415	—	107,253
Earnings per share	26.78p	20.45p	31	51.03p
Dividends per ordinary share	6.91p	5.18p	33	17.28p
Accepted accounting practice requires earnings per share to be given after non-trading items. On this basis earnings per share are:	26.95p	18.95p	42	51.49p
The non-trading items are: (000's)				
Profits on disposal of properties, subsidiaries and other items	+2,081	+424	—	+3,039
Goodwill arising from the cash purchase of shares in subsidiaries written off	-1,898	-1,923	—	-2,538
	+183	-1,499	—	+501

NOTE: The Rand has been converted to Sterling at R1 = £0.57594 and this rate of exchange has also been used for comparative figures.

#### RESULTS, TRADING CONDITIONS AND PROSPECTS FOR THE YEAR ENDING 30 SEPTEMBER 1979

The benefits of the recovery in the economy were felt by most of the industrial and trading companies in the Group. In addition, substantial contributions were made by GEC South Africa and Nampak, which became subsidiaries during the second half of last year. The Group increases in turnover and trading profit would have been 18 per cent and 31 per cent respectively if the results of these two acquisitions were eliminated for the period.

A strong performance was recorded by the earthmoving equipment and by the general engineering divisions. The continuing high level of demand for lime led to a maximum utilisation of existing capacity and a good increase in profit in the cement and lime division. Higher prices in the export markets of Middlesbrough Steel and Alloys and a stronger domestic demand for stainless steel contributed to substantially improved results in that Company. A welcome strengthening in demand was also evident in the building materials and steel distribution division and turnover and profits showed good increases. Stronger trading conditions in the United Kingdom led to an improved return on our investment in that Country. As forecast by the Chairman in his statement last year the mining division's contribution did not increase materially during the six months under review.

It is unlikely that the 31 per cent increase in earnings per share recorded during the first six months of this financial year will be maintained for the full year. However, it is expected that the year's earnings will show a good improvement over 1978 given current trading conditions.

#### DIVIDENDS

A preference dividend of 6 per cent for the half year ended 31 March 1979 was declared on 9 March 1979, payable on 30 April 1979.

A preferred ordinary dividend of 18 cents per share was declared on 30 March 1979, payable on or about 12 June 1979.

Assuming current trading conditions are maintained, it is forecast that ordinary dividends for the year will total 36.0 cents per share (1978: 30.0 cents). In that event, the preferred ordinary shares will be converted into ordinary shares ranking pari passu with the existing fully paid ordinary shares with effect from 1 October 1979.

An interim dividend of 12.0 cents per share (1978: 9.0 cents) has been declared and a formal notice of this declaration is published herewith.

C.S. BARLOW (Chairman)

A.M. ROSHOLT (Vice-Chairman and Chief Executive)

#### BARLOW RAND LIMITED ORDINARY DIVIDEND NO. 99

Notice is hereby given that a dividend of 12.0 cents per share has been declared as an interim dividend payable to shareholders registered in the ordinary share register of the company at the close of business on 25 May 1979.

The transfer books and registers of ordinary members of the company in South Africa and the United Kingdom will be closed from 26 May to 1 June 1979, both days inclusive, for the purpose of determining shareholders to whom the dividend will be paid. Dividend warrants will be posted to shareholders on or about 20 July 1979.

This dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for the payment of dividends from the United Kingdom share transfer office will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 29 June 1979.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholder's tax has been imposed on dividends payable to:

- (a) Persons other than companies, not ordinarily resident nor carrying on business in South Africa, and
  - (b) Companies which are not South African companies.
- The Company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic of South Africa at the rate of 13.46113 per cent.

By order of the Board,

W. C. WARRINER Group Secretary

Registered Office: Barlow Park, Katherine Street, Sandton, 2196 South Africa, (P.O. Box 78-2248 Sandton 2146 South Africa), 11th May 1979.

Transfer Secretaries: Rand Registrars Limited, 2nd Floor, Devonshire House, 49 Jorissen Street, Braamfontein, 2001 South Africa, (P.O. Box 31719, Braamfontein, 2017 South Africa).

United Kingdom Registrars: Lloyds Bank Limited, Registrars' Department, The Causeway, Goswold, Worthing, West Sussex BN12 6DA, England.

## EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates in the remainder of 1979:

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June	12	October	15
July	9	November	12
August	13	December	10

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Sig. Giulio Andreotti

## Inflation and energy crisis cloud Italy poll

Paul Betts in Rome

THE GROWING THREAT of an energy crisis coupled with an acceleration of inflation end a series of judicial initiatives against leading personalities of Italian finance have cast shadows over the Italian general election campaign.

Official figures released at the weekend confirmed the worsening trend of retail price inflation which is running at an annual rate of 14.3 per cent. That is more than 2 per cent above the official target of 12 per cent for 1979.

Private oil operators said at the weekend that there might be serious petrol shortages after the elections next month, although Sig. Giulio Andreotti and his caretaker Government are attempting to play down the country's energy difficulties.

The Government has admitted that the country faces a shortfall of between 14m and 15m tonnes of oil this year, about 14 per cent of Italy's estimated energy requirements. Overall energy consumption increased by about 5 per cent during the first quarter of this year.

There has also been a marked increase in the consumption of certain oil products despite the government's campaign to reduce consumption. Latest figures show that 19.7 per cent more petrol and 23.7 per cent more gasoil was sold last month compared with April 1978.

The state energy company, ENI, is attempting to increase oil imports for the first half of the year by an additional 2.3m tonnes to total 16m tonnes.

The Government appears reluctant to introduce any unpopular energy-saving measures during the election period. But petrol and gasoil prices are expected to be increased substantially after the June vote.

The country's uncertain economic prospects have been thrown further in doubt by judicial inquiries into allegedly irregular soft loans to the SIR chemical group. The magistrate conducting the inquiries has followed up his decision on Friday to summon Dr. Paolo Baffi, Governor of the Central Bank, and former members of the executive committee of Italy's largest state medium-term credit institute, IML, by summoning some 30 former members of another leading state credit institute, ICFPU.

Although those accused have firmly denied the charges, the magistrate's action is causing mounting anxiety within the country's banking system. It comes at a time when the banks are being pressed to intervene in a series of complex industrial rescues and to play a major role in industrial recovery.

The election campaign is also being marred by continuing political violence despite the Government's decision to call in the army to back up the police. In Milan and Rome left-wing extremists and police were involved in fierce street clashes at the weekend.

In addition, the trade unions have called a series of strikes this week to disrupt air travel, schools and public offices in support of demands for wage increases.

## New press curb for S. Africa

By Quentin Peel in Johannesburg

THE SOUTH AFRICAN Government, its credibility dented by the scandal of corruption in its former Information Department, is this week planning to introduce a new law to curb newspaper reporting of alleged corruption and misadministration.

The move, first disclosed by the pro-Government African Press, would prevent any publication of allegations without the permission of a Government law officer, or a Government-dominated parliamentary committee. But the legislation faces considerable opposition from within the ranks of the ruling National Party, as well as unanimous rejection from the major opposition parties.

The proposal is the latest and most drastic of a series of piecemeal moves to curb press reporting, without introducing

# Shah sentenced to death 'by the Iranian nation'

By Simon Henderson in Tehran

AN IRANIAN religious leader has said that the world should not take any action against anybody who kills the exiled Shah, some members of his family or former senior Ministers. The killer would not be a terrorist but would be doing his Islamic duty.

Ayatollah Khomeini, who is thought to head the Islamic revolutionary courts which have already sentenced more than 200 people to death, said yesterday that there was no need for a trial of the Shah and the others. They had already been sentenced by the Iranian nation.

Apart from the Shah, who is living in the Bahamas, Ayatollah Khomeini named as facing the death penalty the Empress Farah, the Shah's wife, Princess Ashraf, the Shah's sister, and the Shah's mother-in-law and brother. Others listed included the last two Prime Ministers of pre-

revolutionary Iran. Mr. Shapur Bakhtiar and General Gholamreza Azhari, Gen. Oveisli, the army commander, Mr. Ardeshir Zohabi, the Shah's last Ambassador to Washington, and Mr. Houshang Nahavandi, a court Minister.

The Ayatollah, a leading advocate of an Islamic one-party state, said the Shah was not a King but a thief. But he played down the suggestion that Moslems should actually hunt down the former ruler.

Islam. He said Ayatollah Khomeini, Iran's religious leader, had told the courts not to listen to complaints from the West about human rights.

Ayatollah Khomeini's words seem likely to exacerbate the split which has been developing between hard-line supporters of Ayatollah Khomeini and those who seek a more moderate interpretation of an Islamic republic, including some of the clergy, the middle class and the Left.

A Tehran newspaper yesterday published an interview with Ayatollah Shariat Madari, one of the country's most senior clerical leaders. He called for an amnesty for the past regime. His differences with Ayatollah Khomeini are well-known and he was sharp in his criticism of the present set-up. He said no one group in Islamic law had



The Shah of Iran

the right to be violent and tyrannical. He condemned the revolutionary character of the courts, saying they should either be based strictly on Islamic law or operate on the lines of international courts.

Ayatollah Shariat Madari has already been the subject of a vehement press attack by Ayatollah Khomeini and another assault seems inevitable.

## Vietnam shells Thailand

ARANYAPRATHET — Vietnamese artillery and mortar shells landed inside Thailand, south of this border town, a few hours before a visit by Dr. Kurt Waldheim, the United Nations Secretary-General, yesterday.

Reporters at the scene said heavy exchanges of gunfire between remnants of forces of the deposed Cambodian Premier, Pol Pot, and Vietnamese-led troops of the new Phnom Penh government were heard throughout Saturday night and into Sunday morning, but there was no sound of fighting during Dr. Waldheim's two-hour visit yesterday afternoon.

Thai authorities said several artillery and mortar shells landed inside Thai territory at three different points south of Aranyaprathet, damaging several houses.

While Dr. Waldheim was inspecting refugee camps for a first-hand look at the refugee situation, Thai authorities were trying to prevent about 500 Cambodians from entering Thailand at three different points near Aranyaprathet.

Dr. Waldheim stopped first at the Aranyaprathet refugee camp where he listened to the leader of 7,200 Cambodian refugees read out an appeal for the UN to accept them for resettlement soon. The refugees are mostly those who fled to Thailand after the Communist victory in Cambodia in 1975.

## Paris meeting to consider Kenyan five-year plan

By Michael Holman in Nairobi

MR. MWAI KIBAKI, Kenya's Minister of Finance, flew to Paris yesterday to attend a consultative group meeting which is expected to discuss his country's 1978-1983 development plan. The plans were launched recently against a background of serious balance of payments difficulties.

All major agencies and donors will be attending the three-day Paris talks which open today. The World Bank will be in the chair and other international organisations taking part are the European Economic Community, the Arab Bank for African Development and the International Monetary Fund. Britain, the U.S., Canada, France and Germany are also represented.

The Kenya plan, which has as its theme "alleviation of poverty", sets an overall annual growth target for the economy

over the five years of 6.3 per cent. It has been well received generally by donors including the World Bank. But there is concern that some of its targets will prove to be unrealistic, particularly in the light of the balance of payments deficits of K£78m last year and an estimated K£55m this year.

In an interview shortly before he left for Paris, Mr. Kibaki described the balance of payments situation as "the most serious constraint in the implementation of the plan". Participants in Paris are likely to be asked to consider short-term conversion of some of their project aid to commodity and programme assistance to help ease matters.

Last November Kenya obtained a \$22.4m stand-by loan from the IMF. Negotiations for a further drawing have "gone very well", Mr. Kibaki said.

## Muzorewa averts split

By Tony Hawkins in Salisbury

BISHOP Abel Muzorewa, Prime Minister-elect of Zimbabwe Rhodesia yesterday averted a major split in his United African National Council when he ignored a party call to expel its deputy, Mr. James Chikerema.

Mr. Chikerema, who is a Cabinet Minister in the Transitional Government, last month accused the Bishop of running the party as a dictatorship. On Saturday more than 800 dele-

gates at a party meeting demanded Mr. Chikerema's expulsion but the Bishop told reporters yesterday that he had ignored the demand in the interests of party and national unity.

The Bishop is due to announce his Cabinet within a fortnight and it now seems likely that Mr. Chikerema will be given a ministerial post despite the tension that exists between the two men.

## JAPANESE FOREIGN EXCHANGE MEASURES

# Bid to bolster the yen

By Charles Smith, Far East Editor, in Tokyo

THE PACKAGE of foreign exchange de-control measures announced late on Friday night by Japan's Ministry of Finance, represents the third in a recent series of moves designed to bolster the yen whose weak performance on the world's foreign exchange markets has been causing the government considerable concern.

Move number one took the form of yen support (dollar selling) operations by the Bank of Japan on an increasing scale from last February onwards. Number two control on the first boost for three years in Japan's official discount rate which was increased by 0.75 per cent to 4.25 per cent in the third week of April.

Friday's measures are an extension of this defensive chain. The specific purpose of the package is to remove obstructions to the inflow of foreign short- and long-term funds which have become anachronistic in the light of Japan's current position.

The long-term capital balance was in heavy deficit last year (by \$12.5bn) as foreigners disinvested in Japanese securities and Japanese investors poured funds into overseas markets. Monthly deficits continued this year, reaching a record of \$2.1bn in March when there was a massive outflow of funds

into U.S. Treasury bills, largely reflecting bullish views held in Tokyo about the future performance of the dollar versus the yen.

Capital outflows on this scale have combined with a steady fall in Japanese export volume and a rise in import prices to create a deficit in the overall balance of payments in the fiscal quarter of 1978 and the first quarter of 1979 of \$2.1bn and \$2.4bn respectively on a seasonally adjusted basis.

Faced with this situation the Finance Ministry has reached the somewhat belated conclusion that obstacles to capital inflow no longer make much sense. Hence the liberalisation of short- and long-term "impact loans" (general purpose foreign currency loans contracted by corporate borrowers), and 180-day import "usage" credits in Friday's package.

The Ministry came out with its measures at the end of the day in which the dollar had gained 2 points against the yen in the Tokyo market, to close \$1=215 yen. There is a consensus that 200 to the dollar is roughly where the yen should be.

The view that the yen is undervalued contrasts strikingly with the expressions of alarm and concern voiced by Japanese businessmen during 1977 and

early 1978 when the yen began its long climb from the post oil crisis level of around 300 to the dollar.

There are two basic reasons why the Japanese business community now advocates a rate of 200 when it previously reacted with something like panic to the prospect of having to live with anything much below 250. One is that Japanese industry has retained its basic competitive strength despite the 1978 revaluation. The second is that a shift back towards a cheaper yen could prove highly inflationary.

Japan's wholesale price index fell steadily throughout the early part of last year while the yen was appreciating against the dollar, reaching its lowest point in October. Since October the index has begun to climb at an accelerated rate gaining 3.2 per cent in the four months from November to March, and another 1.7 per cent in April.

Japan is determined not to allow inflation to take off again as it did in the period immediately before and after the 1973 oil crisis. It is also apprehensive about the reaction of the outside world to the resurgence of exports that could occur later this year if a cheap yen makes overseas sales too attractive to Japanese industry.

## Upset for L'Humanite director

THE FRENCH Communist Party's 23rd Congress produced its only major surprise during yesterday's closing session, when M. Roland Leroy, director of the party daily newspaper, L'Humanite, failed to gain re-election to the seven-member central committee secretary. David White reports from Paris. M. Leroy retains his place in the 21-member Politburo, which includes five new names, two of them women, in line with the party's desire to give more voice to its female supporters. M. Georges Marchais, the party leader, having had his call for a show of unity fulfilled, indicated that no disciplinary action would be taken against members who had taken issue with the party line.

## Pravda attack

The Soviet newspaper, Pravda said yesterday that U.S. arms magnates afraid of losing their "super-profits" were whipping up opposition to the new strategic arms limitation treaty (SALT-II). Renter reports from Moscow. Forces representing the U.S. military-industrial complex "are seizing on any pretext to put a spoke in the wheel of Soviet-American cooperation," the Communist party paper said.

## Thatcher EEC pledge

Mrs. Thatcher, Britain's Prime Minister, has renewed her commitment to pursue pro-European policies and has pledged to avoid head-on confrontation with Brussels, Ringer Boyes reports from Bonn. The promise came in a written message read on her behalf to a European election rally held in Munich at the weekend.

## Israel inflation target

Mr. Simcha Erlich, Israel's Finance Minister, yesterday presented the Cabinet with a five-year programme to reduce inflation. David Lennon reports from Tel Aviv. The Minister explained that inflation this year would reach 68 per cent. Mr. Erlich said that his programme was designed to lower the rate to 30 per cent by 1983. He is seeking across-the-board cuts in the budgets of most ministries as well as increased taxes and cuts in subsidies.

## Nepalese shootings

At least two people were killed and several wounded on Saturday when a large number of Nepalese police fired on a crowd of demonstrators at Dhanagari, 80 miles south-west of Katmandu. Chris Sherwell reports from the Nepalese capital. The shooting occurred only four days after a similar incident in the nearby town of Bharatpur when two people died and 25 were injured.

## Romania prices up

For the second time this year Romanians have been told of price rises. But in its announcement yesterday, the Government said the increases still fitted into the current five-year plan. AP reports from Bucharest.

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## Britain's trade imbalance with EEC widens to £1.6bn

BY LORNE BARLING

THE UK's trade deficit with the European Community in the vital area of manufactured goods worsened by nearly £1bn last year, bringing the overall imbalance to £1.6bn.

Although Britain's exports of manufactured goods to the EEC rose by 14 per cent during the year, the flow in the other direction increased by 23 per cent, according to figures from the Department of Trade.

The most alarming increase in imports was in machinery and transport equipment, which rose by £587m to a total of £1.2bn, with nearly two-thirds of the deterioration in road vehicles.

The deficits on trade in chemicals, textiles, and paper products all increased during the year, while there were adverse movements in electrical and non-electrical machinery.

The UK's crude deficit with the EEC in food and live animals declined in 1978 by £135m to £1.3bn, resulting from a 57 per cent increase in exports and an 8 per cent increase in imports.

The biggest improvement was in cereals, particularly barley, where both harvests in 1977 and 1978 enabled Britain to reduce imports and increase exports.

Overall, the UK had a visible trade deficit of £2.35bn in 1978 with the eight other EEC countries, a worsening of £514m compared with the previous year.

In spite of this, the value of exports was 86 per cent of the value of imports, a proportion which, with the exception of the 87 per cent in 1977, was the highest since 1971.

This improvement reflects the fact that the volume of trade with the EEC has built up rapidly over recent years, and the size of the deficit, though large, is proportionately less than it has been in the past.

The 17 per cent increase in British imports from the Community, the Department of Trade says, reflects in part the effects of the pick-up in economic activity in the UK.

## Japan's UK car share may fall

By Kenneth Gooding, Motor Industry Correspondent

THE JAPANESE share of the UK new car market should drop below 9 per cent this year against nearly 11 per cent in 1978 because of a change in the formula being used voluntarily to restrict shipments.

The importers have been told that shipments in 1979 will be related to actual sales in 1977 when 140,415 Japanese cars were registered in Britain.

If, as expected, the UK market holds steady at around 1.58m new cars this year, the Japanese share would shrink to around 8.3 per cent.

Last year the Japanese based their voluntary restrictions on 1977 shipments, not sales. This enabled some importers, notably the company importing Datsun cars, to notch up considerable sales increases in spite of the curbs.

Datsun seems likely to suffer most now the formula has been altered. Already in the first four months of 1979 its sales have dropped from 42,077 to 33,663 and its market share from nearly 7 per cent to 5.23 per cent.

There is little joy for the Japanese newcomers to the UK: Subaru, Daihatsu and Suzuki who have been told their shipment allocation this year is no more than 5,000 between them.

Toyota has announced an agreement with seven Western companies to almost double its imports of cars this year to 59m. Toyota has clinched one-year import deals with manufacturers from the U.S., Britain, France and Austria under which it will buy headlamps, tyres, seat fabrics and safety belts.

## TOKYO ROUND REVIEW

# Third World obstruction feared

BY BRJ, KHINDARIA IN GENEVA

THE THIRD World may jeopardise the process of international trade liberalisation if it decides to hold out for more concessions as a result of a review of the Tokyo Round package currently being undertaken at the United Nations Conference on Trade and Development.

The six-week UNCTAD conference, being held in Manila, closes in June.

The concern is that if the developing nations decide the Tokyo Round package does not meet their needs, most may refuse to sign it.

If this happens the agreements would be applied only by the signatory nations, which are mainly industrialised countries.

A senior trade official in Geneva thinks that developing countries refusal to sign the package will cause "a debacle" which will take the world further away from free trade.

The poor nations cannot expect a better deal because of the economic troubles facing the richer countries, and if these troubles worsen they will lose a major opportunity to improve world trading conditions in their favour.

The package includes several bilateral agreements to cut tariff levels and a series of separate codes of conduct to remove non-tariff barriers to trade.

The Third World has in the past been allowed to violate almost all the rules of the General Agreement on Tariffs and Trade (GATT) because of its need for help to promote economic development, a Western official said.

But the time has now come for certain developing countries to "participate more fully" in the world's trading system by giving up privileges obtained earlier as their exports begin to compete more successfully against products from industrial countries.

"The treatment given to developing countries in the past was similar to that given to children. They were allowed to ignore GATT rules because of their weakness. But they are now growing. But they are now taking on more responsibilities," the official added.

The main requirement of developing countries is that they agree to "bind" their tariff rates. This means that these countries would pledge not to raise existing import tariffs without prior consultation and adequate explanation.

Developing countries have traditionally resorted to high tariff walls, compared with an average level of less than 10 per cent applied by most industrialised nations, to protect their manufacturing industries against competition from foreign products.

In the past certain developing countries have, without warning, doubled or trebled tariff levels on certain products as temporary measures to protect ailing home industries. But because of their developing country status, they have had no obligation to restore lower levels quickly.

under international surveillance. In addition these countries have enjoyed special and privileged treatment in their relations with developed nations. This has usually taken the form of exceptions from internationally agreed rules applied among themselves by the industrialised countries.

The developing countries are now being asked not to raise tariff rates above existing levels and to reduce these levels in sectors in which they become efficient as producers and exporters such as textiles, clothing, footwear, ceramics, forest products, and certain processed foods.

Certain industrial nations, such as the U.S. and the Common Market, have added clout to these demands by making new concessions, conditional on acceptance by the developing countries of at least the principle of such gradual reduction of trade barriers against rich country products.

Developing countries oppose such reciprocity.

They have delayed conclusion of the Tokyo Round package to allow more time for a thorough evaluation by their Government, among other things, of how far the package goes towards making reciprocity a permanent feature of trade among rich and poor countries.

Differences have emerged among the Third World countries over how the package should be evaluated.

Asia, which includes some of the most successful exporters to the West, such as Singapore, Hong Kong and Taiwan, is taking a tough stand in order to obtain greater access to Western markets and preventing safeguard import curbs.

Many developing country representatives think that GATT, under Mr. Olivier Long, its current Director General, has not shown enough concern for their economic development and trade needs. It has instead acted as a club for settling trade problems among the industrialised countries.

They argue that developing countries should have been given a major role in the Tokyo Round negotiations from the start, instead of being included only after the Big Three—the U.S., Japan and the Common Market had reached understandings.

The UNCTAD Secretariat, on which Third World nations are relying increasingly for advice, has set the tone for the discussions in Manila by sharply criticising the Tokyo Round package as agreed so far.

Alarmed at the rise of protectionism UNCTAD officials have warned developing countries against allowing the current international trading and monetary systems to continue unchanged. They urge far-reaching changes in the structure of international financial institutions, such as the World Bank, to reflect the rising importance of developing countries and to take more account of their needs.

## U.S. talks tough on export credit

BY DAVID BUCHAN IN WASHINGTON

THE U.S. is taking action aimed at getting major trading countries in the EEC and Japan to strengthen the 1975 gentlemen's agreement "that seeks to limit cut-throat export credit competition."

Mr. H. K. Allen, Vice Chairman of the U.S. Export-Import Bank, said in a speech here last week "it is time to take off the gloves. And we have done so."

He said the Ex-Im bank had in the last six months offered 50 per cent of its loans below its standard scale of interest rates. The U.S., he continued, was prepared to match any credit terms offered by other major exporting countries to get into difficult markets like West Africa and South East Asia. The Ex-Im Bank is also preparing to extend its usual 12 year repayment period to the 12 year maximum to match the France and West Germany are offering on credit for the European A-300 Airbus.

Significantly, though the Ex-Im Bank is baring its fists with President Carter's express approval none of these moves have or would violate the so-called gentlemen's agreement reached between the U.S., Canada, Britain, France, Germany, Italy and Japan in 1975.

Aircraft sales are specifically excluded from the agreement, which also allows signatories to match terms offered by any one country among them.

The longstanding U.S. complaint has been, as Mr. Allen put it, that the agreement is "not broad or tough enough."

The immediate significance of his remarks is that further talks on renewing and/or strengthening the credit agreement are to take place between the seven countries in Paris between May 21 and 23.

## Hungary and NCB in coal study

By John Lloyd

COAL Processing Consultants, a division of the National Coal Board, has signed a contract with the Hungarian Geological and Mining Corporation for a study on the potential applications of Hungarian coal in power generation, gasification and chemicals production.

The worth of the contract has not been disclosed, but it is understood that it is in the order of £500,000.

The study is being seen as the first of a joint co-operation package, which could lead to significant opportunities for UK manufacturing industry, especially in the gasification and chemicals equipment sector, and possibly even in coal-fired power plant.

The Consultants will be co-operating, during the initial stages of the study, with several UK companies including Babcock and Wilcox and Foster Wheeler.

The Hungarian Coal Mines Trust already has a technical exchange agreement with the NCB on coal mining operations, which the current contract will complement.

## SHIPPING REPORT

# Dry bulk rates rise

BY IAN HARGREAVES

SEASONAL FACTORS, assisted by the gradual trend back towards equilibrium of supply and demand, made last week one of the best for some time for owners of dry bulk carriers.

Time-charter rates rose daily in both the Atlantic and Far East and ended the week over 20 per cent higher than at the same point of last month for certain types of tonnage.

A typical fixture was that of a 53,245 dwt carrier at \$12,750 a day for a trip from the Continent to Korea, via the U.S. There were similar rises in spot rates for the movement of grain and ores.

According to broker Galbraith Wrightson, all major grain bourses are actively seeking tonnage for charter and this reflects transport users' expectations that spot rates will continue to improve.

In tanker markets, owners were in a weaker position. Uncertainty among charterers as to exactly how and where they can obtain supplies is causing brief but steep fluctuations in tanker rates.

## World Economic Indicators

	INDUSTRIAL PRODUCTION				Index base year
	Nov. 79	Feb. 79	Jan. 79	Mar. 78	
W. Germany	119.4	115.8	107.1	115.8	+ 3.1 1970=100
U.S.	152.2	151.0	150.8	134.6	+13.0 1967=100
	Feb. 79	Jan. 79	Dec. 78	Feb. 78	
UK	110.4	103.0	111.2	107.3	+ 2.9 1975=100
Norand	118.0	117.0	125.0	116.0	+ 1.7 1967=100
France	130.0	132.0	132.0	127.0	+ 2.0 1970=100
Italy	131.1	130.9	118.4	121.2	+ 8.2 1970=100
Japan	127.4	127.6	127.5	119.4	+ 6.7 1975=100
	Jan. 79	Dec. 78	Nov. 78	Jan. 78	
Soviet	97.6	114.3	125.3	106.6	- 9.0 1970=100

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## Merseyside insulation fibres plant to expand

BY RHYS DAVID

MORGANITE CERAMIC Fibres is to spend £2.5m at Bromborough on Merseyside to expand production of its Triton Kaowool insulating materials.

The company, in which Morgan Crucible, the British group, and Babcock and Wilcox of the U.S. have a stake, is also to expand its continental distribution operations based on Bromborough and Liege, Belgium.

Developments at the Bromborough site, to which the company moved last year from nearby Neston, will include the provision of 70 per cent more manufacturing capacity for Triton Kaowool. This is an alumina silica fibre originally developed as a substitute for

refractory bricks but now used in a variety of other industrial applications where insulation and shielding from heat is required. A new factory has already been built at Bromborough to convert the basic fibre into secondary materials for specific uses. Further expansion is planned this year for the production of new vacuum-formed 1500° C and 1600° C sheet materials sold under the trade name Unifelt.

The latest investment is expected eventually to provide about 50 jobs on top of the existing 200 at Morganite. The company expects the market for ceramic fibres to continue to grow rapidly as customers in

industry step up their efforts to reduce energy costs. The fibre, first developed by Babcock and Wilcox in the U.S., is stocked by Morganite at 20 centres on the Continent.

A new non-Conference general cargo service from the west coast of the UK to the Persian Gulf, with Liverpool as its major European port of call, is to be launched this month by Maritime Express Line. It plans monthly sailings to Dubai, Sharjah, Kuwait and Dammam, with calls at other ports dependent on inducement. An improved schedule with a more extensive range of ports served may be introduced later.

## Accounting merger split denied

By Michael Lafferty

A PROPOSED merger between Arthur Andersen and Tansley Witt, two leading UK accounting groups, could still leave several Tansley Witt regional partnerships independent.

Arthur Andersen is known to be particularly interested in taking in Tansley Witt's London partnership—a practice with gross fees of around £4m a year—as well as the partnerships in Birmingham, Leeds, Liverpool, Manchester, Glasgow and Edinburgh. Tansley Witt partnerships in Newcastle, Wolverhampton and Northern Ireland could be left out.

Tansley Witt is one of the 20 biggest accounting groups in the UK. A partnership of 10 separate partnerships, its overall fee income for the UK is put at about £81m.

Internationally, Tansley Witt is a member of the Alexander Grant Tansley Witt accounting group. Last Friday Mr. William R. Mente, a partner in Alexander Grant, said the majority of Tansley Witt partners opposed a merger with Arthur Andersen.

This is denied by senior Tansley Witt partners, who emphasise that merger discussions are still at a preliminary stage.

## Appeal fund raises £11,500

AN APPEAL fund set up eight months ago for the families of three men who died under tons of white hot metal in an accident at the Davy Roll steel works, Gateshead on Tyne, has closed after raising £11,500.

## Curb on borrowing 'difficult,' Howe told

BY DAVID FREUD

SIR GEOFFREY HOWE, the Chancellor, will find it difficult to give significant income tax reductions in his budget while keeping the public sector borrowing requirement down at the same time, according to Barclays Bank.

In its latest financial survey the bank says that even with cash limits in force, revenue would have to be raised by £1bn to prevent the borrowing requirement in 1979-80 rising above the previous Chancellor's declared limit of £5.5bn.

Election campaign promises to cut personal taxation implied further substantial increase in indirect taxes. Indexation of Customs and Excise duties would only yield about £500m additional revenue in a full year, says the bank.

Barclays add that while indexation of personal allowances, and possibly any further tax concessions, would be backdated to April, revenue-boosting measures were unlikely also to be retrospective.

The concentration of public sector pay increases in the latter part of the fiscal year meant that the PSBR would tend to speed up between the first and second halves, from a rate of £800-a-year to one approaching £1000-a-year.

Against this background the bank concludes there will be little scope for substantial reductions in interest rates.

Current doubts about world economic growth in 1979 and 1980 are misplaced, according to Mr. Anthony Peaker, economist at stockbroker's J. & A. Scrimgeour.

In the firm's latest economic circular Mr. Peaker disputes the recent forecast by stockbroker's Phillips and Drew that OECD real GNP growth would fall to 2.5 per cent at best next year after 2.75 to 3 per cent this year and 4 per cent in 1978.

Scrimgeour forecasts that OECD growth will be about 3.75 per cent over the next two years.

Slower U.S. growth is expected, and a major recession is unlikely, and the slowdown will be offset by faster growth elsewhere, particularly in Germany and Japan, he says.

The firm says the view is supported by the demonstrated robustness of the world business cycle, in terms of which the world economy is still only in the early stages of recovery.

## Frozen sausage sales 'will rise'

By Christopher Parkes

THE SAUSAGE, known to hemo sapiens for centuries before he evolved into the present-day consumer, is being overtaken by the freezer age.

As manufacturers' distribution costs grow, and more households are equipped with freezers, makers will produce more frozen sausages. Says a survey to be published this month by Mintel.

Individual butchers, squeezed in the fresh meat trade by supermarkets and freezer centres, can expect assaults on what has traditionally been one of their strongest-selling products.

A surprising feature of the survey is that it illustrates slowness by frozen food companies to move into this valuable market.

## Climbed

Last year, 300,000 tons of sausages worth £300m at retail prices were consumed in Britain. Only 27,000 tons were sold frozen.

There has been a marked increase in recent years. Sausage sales overall last year regained the peaks in the late 1960s. Frozen sausage sales climbed 5,000 tons in the two years.

Of the big three frozen food companies only Ross freezes sausages and promotes them to any extent. Wall's makes them but does not advertise. The relatively small market is shared between some 20 odd brands.

The main factor leading to an increase in production is rising cost of distribution for processing companies.

## Feature

Rapid distribution is needed to ensure that production is sold within three days of manufacture, leading to high marketing costs.

Daily van deliveries in thousands of retail outlets are a normal feature of the trade. Wall's and Bowyers run delivery fleets of more than 500 vans each.

Costs of labour, replacement vehicles and above all fuel are rising rapidly. It seems, leading manufacturers, to retain their place, must cut drastically the high delivery costs.

Wall's claims 12 per cent of the total sausage market. Bowyers 9 per cent and butchers' home-made still govern the trade with 35 per cent.

## Retail clothing sales rise sharply

BY RHYS DAVID

CONSUMER SPENDING on clothing and textiles has increased sharply and retailers expect the trend to improve further.

The latest quarterly survey of Trends in the Textile Pipeline, by the CBI and the National Economic Development Office, reports that retail sales in value and volume were higher in April than in January.

Much of the increase is evidently coming from newer fashion items such as cord jeans and women's velvet and tailored jackets. Sales of rights have declined, but novelty lines have been selling well.

Retailers also report stocks well up on January and the rate

of stockholding is expected to continue. Orders were also up in April compared with January.

The survey, launched two years ago to improve information on trends at all levels from raw material processors to retailers, suggests that manufacturing confidence is more fragile. Though manufacturers naturally benefit when retailers are doing well, there is in competition with overseas sources of supply, some of which have become cheaper recently as a result of the rise in the value of sterling.

While 12 manufacturing sectors reported that they were more optimistic than four months ago, seven were more pessimistic, with worst wearing—affected both by fashion

changes and increased low cost imports—particularly gloomy.

Fourteen of the 19 manufacturing sectors were also more pessimistic about exports, with upstream sectors, such as spinning, the most depressed about prospects. There has also been some slowing down in the rate of increase in new orders as a whole, over the next four months all the upstream sectors also expect to be destocking, while the temporary stockbuilding in the end-product sectors is also expected to be reversed.

Although caution remains, however, most sectors are reporting an increase in the volume of output over the past four months and expect it to last. There has also been a drop

of stockholding is expected to continue. Orders were also up in April compared with January.

## Appeal fund raises £11,500

AN APPEAL fund set up eight months ago for the families of three men who died under tons of white hot metal in an accident at the Davy Roll steel works, Gateshead on Tyne, has closed after raising £11,500.

## Export chances in longwall face coalmine technology

BY DAVID FISHLICK, SCIENCE EDITOR

EXPORT opportunities for British coal mining technology are bright, especially in North America, where much of the increase in coal output is expected to come from longwall-face mining, a technique which Britain helped to pioneer.

This is the conclusion of the London brokers Rowe Rudd in a study of the world market for mining machinery.

By 1986 the U.S. may have between 225 and 240 longwall faces, producing about 125m tonnes a year, compared with 85 producing 12m tonnes a year today.

Only one of the 12 U.S. longwall faces so far has been wholly equipped by U.S. suppliers. The study forecasts that the U.S. will have 100 longwall faces by the end of this year, 142 by the end of 1982 and 240 by 1986.

British suppliers are well established in the U.S. markets, and technologically are on a par with West German manufacturers.

"Sales progress increasingly depends upon the ability to manufacture equipment locally, thus using steel from the American mills with which many coal-operators are associated," says the study.

China, focus of much recent interest from coal industry suppliers, is estimated to have produced about 540m tonnes

of coal last year, compared with 120m tonnes by Britain.

Much of China's coal came from very small mines not suitable for longwall production.

With a national target of 1bn tonnes a year by 1987, China is regarded as a large potential market for technology "for some considerable time."

The study finds that the older

"room-and-pillar" method of underground mining is being superseded by longwall mining in many countries because longwall techniques can extract more coal and be used in deeper seams.

Coal Mining Machinery: The Opportunities for British Exporters. Rowe Rudd, 63 London Wall, EC2M 5UQ, £40.00.

## Church protest for Shell

BY ROY HODSON

CHURCH LEADERS have threatened to protest at Shell group annual meetings in London and The Hague this week against alleged trading with Rhodesia.

Church shareholders involved include the Rev. Harry Morton, general secretary of the British Council of Churches;

Monsignor Ralph Brown, Vicar-General of the Archdiocese of Westminster; the Rev. Dr. Albert Mosley, of the Methodist Church Overseas Division; and the Rev. Canon James Robertson, of the United Society for the Propagation of the Gospel.

The churchmen intend to raise allegations that Shell has

supplied oil to Rhodesia at the annual meeting of the Shell Transport and Trading Company, Holland, at Shell Centre, London, on Thursday; and at the annual meeting of Royal Dutch Petroleum, a sister company, at The Hague the same day.

The Bingham Report of 1977, main foundation of the churchmen's resolution to be put to both meetings, found that Shell supplied oil through a complicated "swap" arrangement in contravention of UN-sanctions.

Shell Transport denies that the company violated the sanctions laws, and asks its shareholders to reject what it calls a "politically-motivated attack."



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<b>Net Cost of Project</b>	<b>£178,000</b>	<b>Total Savings</b>	<b>£322,000</b>
(£500,000 less £322,000)			

*Additional assistance also is available to reduce the net cost even further.*

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# Heavier lorries 'would reduce costs by 33 1/3%'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

INDUSTRY'S transport costs would be reduced by a third and payload increased by 33 per cent if the maximum permitted weight of lorries in the UK was raised from 32 tons gross to 40 or 44 tonnes.

This is argued in a paper from the Freight Transport Association, which says that the new generation of lorries need not be any larger than existing vehicles and they would be neither less safe nor more environmentally disruptive.

Copies of the paper have gone to Mr. Norman Fowler, Minister of Transport, who will face pressure from other Common Market Countries this year for a more positive response to an EEC Commission compromise formula on heavier lorries.

The formula proposes a top weight of 44 tonnes, but seeks to keep axle weights, which are generally accepted to be the critical factor in determining road damage, at existing British limits.

Mr. William Rodgers, Trans-

port Secretary in the last Government, did not respond to the Commission, but just before the election he promised a committee of inquiry into the weights issue. Mr. Fowler is likely to go ahead with this.

### Flexibility

The case for the higher limit is that the increase in payload would reduce the number of lorries necessary and offer hauliers greater flexibility in arranging loads by building in an extra axle and so spreading the axle weight.

In particular, a 44-tonne limit would allow hauliers to carry fully loaded 40-foot containers now standard in deep-sea shipping. At present, such containers have to be partially unloaded before setting out on British roads.

This means, the paper says, that containers loaded in Britain for a long journey are often filled to help capacity simply because of the road journey to port.

Even with a 40-tonne limit, a 33 per cent increase in effective payload could be achieved, reflecting a 33 per cent reduction in the cost of the movement of some boxes.

The paper says that the new generation of heavier vehicles will be safer with superior braking and stability.

Analysing government road damage figures, it says that although 40-tonners have a higher damaging effect than 32-tonners, damage per tonne carried and therefore aggregate road wear would be less with the heavier vehicles.

In spite of the productivity gains of higher weight limits, however, the association does not expect the proposed change to adversely affect rail freight. Lower lorry costs would not allow hauliers to compete with rail on long trunk movements of bulk goods, which accounts for most of the rail business.

The case for the heavier lorry: FTA, Hermes House, Tunbridge Wells, Kent TN11 5UZ.

# North Sea oil output hit by repair work

By Kevin Dona, Energy Correspondent

NORTH SEA oil production dropped in March by more than 11 per cent.

The fall was largely due to maintenance and repair work in the Forties Field, the most productive in the North Sea.

UK oil production in March averaged 1.3m barrels a day, compared with February's record 1.5m.

Production should start climbing again this month, however, following the commissioning of the main platform in the Ninian Field, which is adding about 77,000 b/d to North Sea output.

Total production in March was 5.5m tonnes, 103,483 tonnes less than in February.

The EEC is to invest up to £63m over the next five years in research and development of alternative energy sources, chiefly geothermal and solar energy and the gasification and liquefaction of coal.

The expenditure was approved at the last meeting of the Council of Energy Ministers and the Commission has now begun to negotiate contracts with individual companies in EEC member states.

Under a related scheme the EEC is to spend up to £36m to help fund demonstration projects in energy saving.

The British Gas Corporation plans to spend about £500m over the next five years on offshore projects on the UK Continental shelf. According to Sir Denis Rooke, the chairman, a further £300m would be invested in work onshore.

# Supermarket credit cards start today

By Our Consumer Affairs Correspondent

THE FIRST national supermarket chain to offer a credit card for food purchases, International Stores, the BAT Industries retailing subsidiary, starts today.

The cards, to be available in all the company's superstores, are likely to be in full use by the end of the month. They will be called the "Big I" credit card. The "Big I" is the symbol of International superstores.

There will be 23 superstores in operation within two years.

The scheme will be financed and administered by Barclaycare, the retailer's credit card arm of Barclays. The interest rate will be fixed at 2 per cent a month.

Most other major supermarket companies plan credit card schemes in the next few months. Some retailers, notably Marks and Spencer, have successfully introduced credit card facilities.

# Retail sales level expected to rise

BY DAVID FREUD

THE EXTENT of the spring pick-up in retail sales should be disclosed today when April's provisional estimates are published by the Trade Department.

The level of sales fell significantly in the winter under the impact of the bad weather and industrial disputes, after steady growth in 1978.

However, many stores are now reporting buoyant sales for the past eight weeks. These are expected to be reflected for the first time in today's figures.

The figures may also give an indication as to how much this recovery reflects renewed consumer confidence as opposed to just catching up after the winter.

The industrial production index on Friday—covering March—will also be studied closely for signs of recovery in the economy.

The winter disruption meant that the index fell by 7.4 per cent in January, followed by a 7.3 per cent gain in February. So the March figure will be the first in 1979 when a clear trend may be seen.

### Earnings total

Thursday's money supply figures are expected to show a monthly expansion in sterling M3 of about 1.5 per cent, following last week's banking statistics.

This week's statistics also include the average earnings figures — on Wednesday — and a more detailed breakdown of consumers' expenditure in the first quarter — on Thursday.

The trade figures, due on Wednesday, will not be published for the third month running due to industrial action by civil servants.

## COMPANY NOTICES

**CECA**  
USS\$0.000.000-177-1995  
NOTICE TO BONDHOLDERS  
The Commission of European Communities hereby informs bondholders of the above mentioned loan that the US\$1,775,000 instalment of the loan scheduled for redemption on June 15, 1979, will be made to the bondholders of the loan who have been re-purchased on the market. A draw by lot will be held on June 15, 1979, at 10.00 a.m. in Luxembourg. The Fiscal Agent BANQUE DE PARIS ET DES PAYS-BAS, 12, RUE D'ODDUSCHÉ DE LUXEMBOURG, Luxembourg, May 14, 1979.

TO THE SHAREHOLDERS OF GRANGES AKTIEBOLAG  
The Annual General Meeting of the Company will be held on 1st June, 1979 at 10.00 a.m. in the Industrial Palace, Södra stan 19, Stockholm.

**AGENDA**  
In addition to the matters prescribed by the Swedish Companies Act and by the Company's Articles of Association, the following will be presented for consideration by the meeting:  
1. To present the Annual Report and Accounts and the Auditors' Report;  
2. To elect the Controller, Agents and the Auditors' Report on the Group;  
3. To approve the Profit and Loss Statement and the Balance Sheet;  
4. To approve the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet;  
5. To determine the appropriation of the profits provided the Balance Sheet is approved;  
6. To discharge the Directors' and Managing Director from liability;  
7. To elect Directors and Deputy Directors;  
8. To elect Auditors and Deputy Auditors;  
9. To propose an amendment to the Articles of Association.  
Attendance at the Meeting  
In order to be present at the Meeting a shareholder must intimate his consent (either in writing or by telephone) of his intention to be so present, and do so on or before 25th May, 1979. Furthermore, the shareholder must be registered in the Register of Shareholders. The Registrar's Office is situated at Vardögatan 15, S-113 65 Stockholm. The Registrar's Office will be open for registration on 22nd May, 1979.  
Shareholder whose shares are registered in a nominee name, such as that of a bank trustee or securities department or a nominee company, must ensure that his own name is entered in the Shareholders' Register in order to be entitled to vote at the General Meeting.  
Further information may be obtained from the Company's Secretary, Messrs. G. Warburg & Co. Ltd., 50, Finsbury Square, London EC2A 3DL.  
THE BOARD OF DIRECTORS  
14th May, 1979.

## CONTRACTS AND TENDERS

**ELECTRICITY GENERATING AUTHORITY OF THAILAND**  
**KHAO LAEM MULTIPURPOSE PROJECT**  
Invitation for Bids No. EGAT-KL-T3 for Civil Works  
Sealed bids are invited for the construction and completion of a rockfill dam with concrete face slab and Power House and appurtenant structures of Khao Laem Multipurpose Project according to Invitation for Bids No. EGAT-KL-T3 which will be publicly opened on Monday, 3rd September, 1979.  
Principal features of the work include one Diversion Channel 30 metres wide and 2,600 metres long, one Diversion Tunnel 6 metres diameter and 357 metres long, one 80 metres high Rockfill Dam of 8,000,000 cubic metres volume with concrete face slab, Power Intake Structure, Concrete Power House to accommodate 3 units of 100 MW each, and other appurtenant facilities.  
Bidding Documents can be examined and purchased as from Monday, 4th June, 1979, at US\$ 300 or Baht 6,000 for the first set and US\$ 100 or Baht 2,000 per set of additional copies from Foreign Procurement Section, Supply and Procurement Department, Electricity Generating Authority of Thailand, Northbank, at Thailand, or Snowy Mountains Engineering Corporation, Cooma North, NSW 2630, Australia.  
Only bids from firms or joint ventures of member countries of the International Bank for Reconstruction and Development and Switzerland will be considered.  
ELECTRICITY GENERATING AUTHORITY OF THAILAND  
1st May, 1979.

**CANADIAN PACIFIC LIMITED**  
(Incorporated in Canada)  
**CANADIAN PACIFIC LIMITED**  
PERMANENTLY LISTED  
DEBENTURE STOCK  
NEW YORK STOCK EXCHANGE  
CALGARY STOCK EXCHANGE  
In preparation for the payment of the interest on the Debenture Stock, the transfer books will be CLOSED at 2.30 p.m. on June 1, 1979, and will be re-opened on July 2, 1979.  
W. E. REEVE, Deputy Secretary,  
50, Finsbury Square,  
London EC2A 3DL,  
May 14, 1979.

**THE NATIONAL BANK OF AUSTRALIA LTD.**  
(Incorporated in the State of Victoria, Australia)  
NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books will be CLOSED on Friday, 25th May, 1979. The books will only be opened on 14th June, 1979. Transfers must be lodged not later than 5 p.m. on 25th May, 1979.  
By order of the Board of Directors,  
D. S. KATE, Secretary.

**THE BANK OF ADELAIDE**  
The Bank of Adelaide's Transfer Books will close for dividends at 5 pm on 25th May 1979. The books will re-open at 10 am on 28th May 1979.  
By Order of the Board,  
R. CLIFFORD, General Manager.

## OBITUARY

**ALLAN**—Suddenly and peacefully at North Rylich, CAPTAIN JOHN STABLE ALLAN, CBE, FRIC, Formerly Chairman of the Society of Directors, Chairman of the Bank of Victoria, Alex. Frie, and Director of Burns and Laird, Deputy Chairman White Fish Authority, Director of Transfer Book Production, Ministry of Supply, President of the Chamber of Commerce, Chairman, Technical Section, Paper Makers' Association, Chairman of the Royal Order of Victoria, Deputy Lord Mayor, Andrew Allan, Montpelier Lodge, Montpelier Grove, Chesham.

## TRAVEL

**GENEVA**, Basle, Zurich & Berne, winter rates of Swiss flights from UK and ports. Brochure: GPT LTD, 01-531 2191. Telex: 81507E. ATEL 368A.

## EXHIBITIONS

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**An Exhibition of Marine Chronometers**  
A collection of rare chronometers from 1790-1850 comprising 33 exhibits, including the chronometer from HMS Beagle, each of which is registered at Greenwich Observatory. 15 chronometers from a later period, 1870-1914, are also on show.  
**An Exhibition of Nymphenburg Porcelain**  
The first ever British Exhibition of some of the most beautiful and treasured porcelain in the world. Produced in a pavilion of the Summer Palace of Bavarian Kings, every piece is modelled and painted by hand as it was originally in the 18th century.  
On view from 2.30 pm Wednesday 9th May until Wednesday 23rd May. Times of opening 9.00-5.30 Monday-Friday, 9.00-1.00 Saturday.  
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tion is available only from JAL offices.  
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Company: \_\_\_\_\_

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1977 Oct. Rolls-Royce Silver Shadow II finished in...

- TORQUAY
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Mercedes-Benz advertisement listing various models and their specifications, including the 450 SEL, 300 SL, and 300 T.

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DIGNIFIED EXPRESS TRAVEL FOR SIX FOOT PEOPLE AND THEIR LUGGAGE
Talking of luggage, the Bristol boat is no less than 22 cu ft big due to our unique method of mounting the spare wheel, battery, etc. under the wings...

Ian Anthony
Ian Anthony quality used cars. Featuring Porsche, BMW and a selection of hand-picked, high performance vehicles. All high in stature, low in mileage. And all meticulously serviced and valeted by factory trained personnel prior to delivery. Here's this week's register.

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Rolls-Royce Silver Shadow, 1978, 6 cyl, 6 speed metallic, superb throughout. 23,999.

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1977 (February), Azura blue with blue cloth interior. Auto, PAS and fitted tinted glass, steel roof, alloy wheels, electric windows, radio/cassette and other extras. 15,000 miles only. Excellent performance, virtually unmarked throughout. £3,650

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ROLLS-ROYCE Long Wheel Base. 1 owner. Very low mileage. Every conceivable extra, including radio/cassette and cartridge player, electric roof, cocktail cabinet with Waterford crystal, ice warming indicator, tables behind front seats, extinguishers, special mats, first registered August 1976. Colour: Chestnut. Offers over £30,000 only. Telephone: Miss S. Mead 01-486 1266. Please telephone from 9 a.m. Monday. £14,750

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UK NEWS - LABOUR

Clerical staff may step up action

POST OFFICE telecommunications clerical staff yesterday decided to step up their industrial action over pay if necessary to obtain a settlement based on the recent Civil Service deal which gave average rises of 25 per cent.
All six unions, representing 200,000 telecommunications staff, are pressing for a meeting with Sir William Barlow, Post Office chairman, to discuss their dispute.

Power manual workers may reject 15% offer

A BALLOT RESULT to be declared today is expected to confirm that 90,000 electricity supply manual workers have rejected a pay offer, worth 9 per cent on basic rates but 15 per cent on earnings.
Shop stewards predict a heavy vote against the offer, which union officials have told members is the best available in present circumstances.

Dunlop workers in new bid to save Speke jobs

TRADE UNIONISTS in Britain and on the Continent will take industrial action today in what could be the final bid to save some of the 2,300 jobs lost last month when the Dunlop company closed its tyre plant at Speke, Liverpool.
Senior management are to meet union officials and convenors in London today at the union's request for further talks.

Engineers point out Europe's key issues

MEMBERS OF the new, directly elected European Parliament must be kept informed about the problems and aspirations of the engineering industry, Mr. Anthony Frodsham, director general of the Engineering Employers Federation, says in a booklet published today.
The federation has produced the booklet - 'The European Community: Some Key Issues for British Engineering' - to help member companies focus on the importance for the industry of EEC decisions.

No-strike agreement renewed

A NO-STRIKE agreement has been renewed between the management of the Tyne Ship Repair group, Britain's largest ship repairer, and its 3,500-strong workforce.
Mr. Brian Butler, chief executive of the company, which is a member of British Shipbuilders, said yesterday that in return for the no-strike agreement, the permanent employees were guaranteed work until the end of 1979.

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# Week in Parliament

**TOMORROW**  
State Opening of Parliament, 11.30 am.  
Opening of the debate on the Queen's Speech in the Commons, 2.30 pm.

**WEDNESDAY**  
Commons—Queen's speech debate.  
Lords—Queen's Speech, debate, economic affairs.

**THURSDAY**  
Commons—Queen's speech debate.  
Lords—Queen's speech debate, home affairs.

**FRIDAY**  
Commons—Queen's speech debate.

## BUSINESSMAN'S DIARY

### UK TRADE FAIRS AND EXHIBITIONS


Date	Title	Venue
Current	Antiques Fair (04568 22562) (until May 19)	Veeco Pavilion Gardens, Buxton
Current	National Meat Trades Fair (01-637 2400) (until May 18)	Exhibition Centre, Harrogate
Current	Sunday Times Business to Business Exh. (01-407 4046) (until May 16)	Earls Court Hotel, Leofric
May 15-17	Coventry Engineering Exhibition (0203 51777) The All-Electronics/Seminex Show (Saffron Walden 32612)	Assembly Rooms, Edinburgh Brighton Marina Olympia
May 18-20	Boat Show (0322 54511)	Coochaught Rooms, WC2
May 20-24	London Furniture Show (01-385 1200)	Olympia
May 21-24	International Pulp, Paper and Board Machinery Exhibition and Conference (01-408 2104)	Royal Hospital, Chelsea
May 21-24	London Building Products and Services Exhibition (01-540 1101)	Bingley Hall, Birmingham
May 22-25	Chelsea Flower Show (01-834 4333)	Earls Court
May 23-26	The Midlands Breadboard 79 (0522 4671)	
May 23-June 10	USSR National Exhibition (01-637 2400)	

### OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
May 15-18	SIT/TEV—Automotive Original Equipment and Components Exhibition (01-325 7000)	Geneva
May 14-19	International Surface Treatment and Industrial Finishing Exhibition (01-439 3964)	Paris
May 19-23	International Accessory, Machinery and Materials Fair for Furniture Production (01-409 0956)	Cologne
May 20-22	Tennis and Active Sports Show	Dallas
May 21-25	British Machine Tools Exhibition and Seminar (01-215 7877)	Seoul
May 23-29	International Trade Fair for Machinery and Equipment for the Wood Industries (01-651 2191)	Hanover
May 28-June 1	World Inland Waterways and Ports Development Exhibition (St. Albans 53213)	Strasbourg Peking
June 6-16	AIT-British Energy Exhibition (021-705 6707)	
June 8-July 1	International Transport Exhibition (IVA 79) (02013 4450)	Hamburg Dusseldorf
June 9-15	International Foundry Fair (01-409 0956)	
June 9-17	33rd International Aeronautics and Space Exhibition (01-439 3964)	Paris Poznan Copenhagen
June 10-19	International Technical Goods Fair (01-215 7877)	
June 16-20	Advanced Communications Exh. and Conference	
June 16-22	International Exh. and Congress for Metallurgical Equipment and Technology (01-409 0956)	Dusseldorf Frankfurt
June 17-23	Chemical Engineering Exhibition and Congress	

### BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Current	Brunei Management: Organizing Effectively (Uxbridge 56481) (until May 15)	Uxbridge
Current	IPM: Selecting the Right Candidate (01-367 2544) (until May 18)	Whites Hotel, W2
Current	ICMA: Marketing and the Management Accountant (01-637 2311) (until May 18)	The Crown Hotel, Harrogate
May 15	Conference: Cooperation: Don't Retire-Regenerate (01-727 0551)	Cavendish Conference Centre Europa Hotel, W1
May 15	CCC: Partnership Taxation (01-222 6362)	
May 15	National Materials Handling Centre: Urban Distribution—Strategy for the future (Bedford 750323)	Newgate St., EC1 Birdcage Walk, SW1
May 15-16	IMEE: Cooling with Sea Water (01-222 7899)	Tower Hotel, E1
May 16	RRG: Captive Insurance Companies 1979 (01-236 2175)	Falaise Hall, Hastings
May 16	Institute of Management Services: Word Processing to Local Government (01-363 7452)	Kensington Palace Hotel, W8
May 16	DMRA: Qualitative Techniques in Industrial Market Research (Lichfield 23448)	Pleacilly Hotel, W1
May 16	ASM: Current Cost Accounting—The Proposed New Standard (01-355 1992)	Excelsior Hotel, Paisley
May 16	The Institution of Production Engineers: Niois and Miras to Manufacturing (01-579 8411)	Royal Lancaster Hotel, W2 Sheraton Park Tower Hotel, SW1
May 17	Oyez—IBC—Successful Retention of Tide Clauses—Rompa and After (01-242 2481)	Manchester Business School
May 17-18	Eurotech: Office Design, Layout Landscaping and Equipment (0252 313065)	Cafe Royal, W1
May 17	Inbucon: Productivity Measurement in the 1980s (01-353 3651)	Heaton Mount, Bradford
May 17	CATE: Profitability in the Hotel and Catering Industry (01-350 7178)	Lucerne
May 20-25	University of Bradford Management Centre: Product Management (Bradford 42299)	Hiltop Hotel, W1 Whites Hotel, W2
May 20-26	IOD/Tavistock Institute: International Workshop—Rethinking and Planning for Organizational Effectiveness (01-435 7111)	High Wycombe
Mar 21-22	ESC: International Micro-Electronics in Education Congress (05252 2711)	
May 21-25	IPM: Selection Testing 1 (01-337 2544)	
May 21-25	The Institute of Chartered Accountants in England and Wales: Financial Management (01-223 7660)	



# Northern Engineering Industries Ltd.

1978 Annual Results

## £185 MILLION EXPORTS & OVERSEAS TRADE

	1978	1977
Turnover	£451m	£387m
Profit before taxation	£30.464m	£25.157m
Profit after taxation	£22.763m	£18.896m
Dividend per ordinary share	7.5p	6.00p
Earnings per ordinary share	29.63p	28.87p

#### Points from statement of the Chairman, Sir James Woodeson, CBE, TD.

**1978 Performance**... Profit before taxation of £30.5 million is some 21% ahead of the 1977 figure... Increased trading is supported by a strong balance sheet... Direct exports rose to £115 million; overseas companies achieved £70 million turnover; international trade thus totals £185 million.

**Exports and Overseas**... We have continued to develop our export business successfully. Our policy is to supplement the direct export effort by the formation of joint ventures, the development of well-chosen overseas manufacturing and assembly bases, and by a growing involvement with local partners. The overseas operations will themselves generate new business for the UK factories, particularly for higher technology components.

**Turnkey Capability**... The turnkey capability of NEI in the design, manufacture and supply of power stations is of particular significance in connection with exports to developing countries. In this context I am particularly encouraged by the opportunities in China. The Company has now submitted comprehensive proposals in support of the massive Chinese power station construction programme.

**UK Power Station Programme**... The UK power station ordering programme now appears to have been settled for the immediate future. NEI will be supplying the turbine-generators and certain boiler work for Drax B, and design work has already commenced on the steam raising units for the AGR nuclear reactors which are based on a Clarke Chapman design for the units now operating at Hinkley and Hunterston. Tenders have also been submitted and are currently being examined by the Generating Boards for the turbine-generators for the new AGR stations.

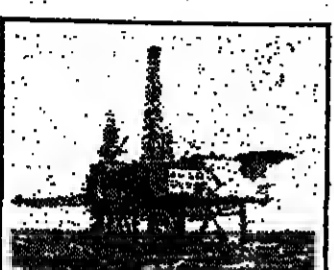
**Outlook**... NEI is now firmly established as a comprehensive mechanical, electrical and combustion engineering group serving industry worldwide. The range of activities cover a diversity of products and markets which helps to counteract some of the adverse effects of cyclical trading patterns in particular sectors of industry.

Most of the trading activities have a good forward order book, and despite the difficulties at the beginning of this year, I believe that the Company is set on the right course to take advantage of the worldwide business opportunities that are available to us.

The Annual General Meeting will be held on Thursday 14th June at 12 noon at the Gosforth Park Hotel, Newcastle upon Tyne. Copies of the Report are available from the Company Secretary, Northern Engineering Industries Ltd., NEI House, Regent Centre, Newcastle upon Tyne, NE3 3SB. Details of the Annual Results are also contained in a Report to Employees which has been circulated to all employees.



NEI Bruce Peebles Ltd • NEI Clarke Chapman Cranes Ltd • NEI Clarke Chapman Engineering Ltd • NEI Clarke Chapman Power Engineering Ltd • NEI Electronics Ltd • NEI International Combustion Ltd • NEI John Thompson Ltd • NEI Parsons Ltd • NEI Reynolds Ltd • NEI Thompson Cochran Ltd • NEI International Ltd • NEI Overseas Ltd • NEI Projects Ltd



### THE HIGHLAND CONNECTION

Highlands-based industry—from oil exploration to atomic energy, from electronics to petrochemicals—is growing at a pace. So are the skills and enthusiasm of our people. While government and agency financial incentives remain a major attraction.


From Inverness, Highland Region Development will provide current statistics and information—give you the facts you need for a decision on expansion here. Our service is free.

Visit us at stand C101 Business to Business Exhibition, Earls Court, London 13th-16th May.

Make your Highland Connection today by completing the coupon and mailing to Gwyn Davies, Director of Development, Highland Regional Council, Regional Buildings, Glenurquhart Road, Inverness IV3 5NX, Scotland, or telephone Inverness (0463) 24121 Telex 75313.

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# This big Dodge truck is made for car drivers.



The trouble with some non-HGV trucks is that they're small. Sometimes, too small. So whilst they may offer the payload allowance you're looking for, they don't offer the space.

Fortunately, a Dodge 100 Series Commando G08 can measure up to your requirements on all counts. Because this non-HGV 7½ tonner has a long wheelbase option specially designed to accommodate bigger bodies.

Very often, bodies you're more likely to see on heavier trucks. For example, a long box van with 1000 cubic feet of fully usable loadspace. Or a flat platform 18 feet long. Or a dropsider. Again, up to 18 feet long. And all these bodies require no extensions to the chassis or modifications to the propshaft. Which not only saves money, but could mean less time off the road.

And your drivers don't need any modifications to their licences. As long as they're over 18, an ordinary car driver's licence is all they need. Which is only fair. After all, the Commando cab is so modern, so luxurious, it looks just like a family saloon. Take the Commando for a test drive, and you'll discover that appearances aren't deceptive.

See your Dodge Dealer and ask to try a demonstrator. Check on price, fast delivery and the 12 months' unlimited mileage warranty. He's waiting for your call. Now.

## DODGE COMMANDO




# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Widening the market for Viewdata

GEC Semiconductors has made additions to its Viewdata module family, primarily to expand the potential market from the UK to the whole of the western world. It has also extended UK modules, which conform to the 40-character wide by 24-line format for the 625-line PAL TV system.

For the 625-line NTSC such as used in the U.S. units are available displaying formats of 32 characters by 20 lines or 40 x 20.

The M41/E foreign-language page-display in one of the new developments, a combined page display and character generator which allows up to 28 latin-character languages to be made available for use in a Viewdata system or computer terminal. The character set it contains is known as G2 (CGIT) and design is such that any combination of languages can be generated and used in any individual page of information.

This particular module is a 100 mm x 147 mm printed circuit board with a 36-way edge connector on this are mounted the necessary components which include three LSI devices designed and made by GECS. Versions are available for 625-line PAL or 525-line NTSC TV systems which generate the page output in 40 x 24 and 32 x 20 formats, respectively. Quantities of the 28-language modules have been delivered to Bell Northern Research in Canada. A Cyrillic character set is under development.

In the meantime, GEC Viewdata Systems supplied ITV at short notice, prior to the election, with specially modified TV sets fitted with Teletext/Viewdata modules, reprogrammed to drive a standard printer. Thus whilst using standard hardware, they were "customised" by software.

They stood up to the demanding task of carrying the electoral results and the analyses of these as the night progressed, with no problems at all.

All this underlines what can be done with Viewdata systems, which are likely to create a new niche in the electronic communications area, whatever happens to the GPO's Prestel.

The reason is inherent in the basic constituents of a Viewdata system—existing telephone networks, existing colour TV screens, but clever software and proprietary large-scale integrated circuits which pull the first two together and make them into an ideal means of gaining access to a mass of stored information.

It appears that potential U.S. competitors are now well aware of the immense advance which Sam Fedida's development of Viewdata represents, so far as accessing databases is concerned. It is to be hoped that UK patents on the development hold up better than those on air cushion vehicles.

GEC Semiconductors, East Wembley, Middlesex, HA9 7PP. 01-904 9303.

## INSTRUMENTS

### Analysers checks logic

PUT ON the market by Pye Unicam and made by Philips in Europe, PM 3500 is a 100 MHz logic analyser which can display up to 16 channels on a built-in cathode ray tube and has a 505 word memory depth with fixed or variable thresholds to match any logic family. Comprehensive triggering facilities are provided including delay. Sampling can be either at an internal clock rate variable from ten nanoseconds to 20 milliseconds or at the clock rate of the circuit under

test. A "slitch" catching mode allows detection of and triggering on spikes and transients as short as 3 ns.

Fast changeover from time to state display is possible, with a choice of hexadecimal, octal and binary tables or mapping. A 16-word cursor ensures easy and convenient analysis. In addition, blanking of unwanted parts of the display is simple and timing diagrams can be expanded when required.

The unit measures 200 x 366 x 470 mm and weighs 14 kg.

## METALWORKING

### Cuts light metals at high speed

LATEST MEMBER of the wide range of metal cutting equipment from SAF (Soudure Autogène Française) is a high speed plasma system called Nertajet 80.

In plasma cutting an inert gas is forced through an electric arc in a cooled torch heating the gas to a sufficient temperature for ionisation to occur. De-ionisation on impact at the cutting surface results in very high temperatures and fast metal cutting. Since heat is not derived from a chemical reaction the process can be used to cut most metals.

Nertajet 80 can achieve cutting speeds up to 2,300 mm/min in light alloys up to 5 mm thick and is aimed at the small to medium sized fabrication shop specialising in stainless steel, aluminium, titanium alloys and mild steel. The unit will tackle material up to 25 mm thick.

Plasma cutting had until recently proved too expensive and complicated to be considered for use on thin materials. Nertajet 80 has been designed primarily to cut metal up to 10 mm thick at high speed, economically.

Some typical speeds achieved with the equipment are: 1,750 mm/min for 5 mm mild steel; 1,600 mm/min for 5 mm stainless; 2,300 mm/min for 5 mm light alloy.

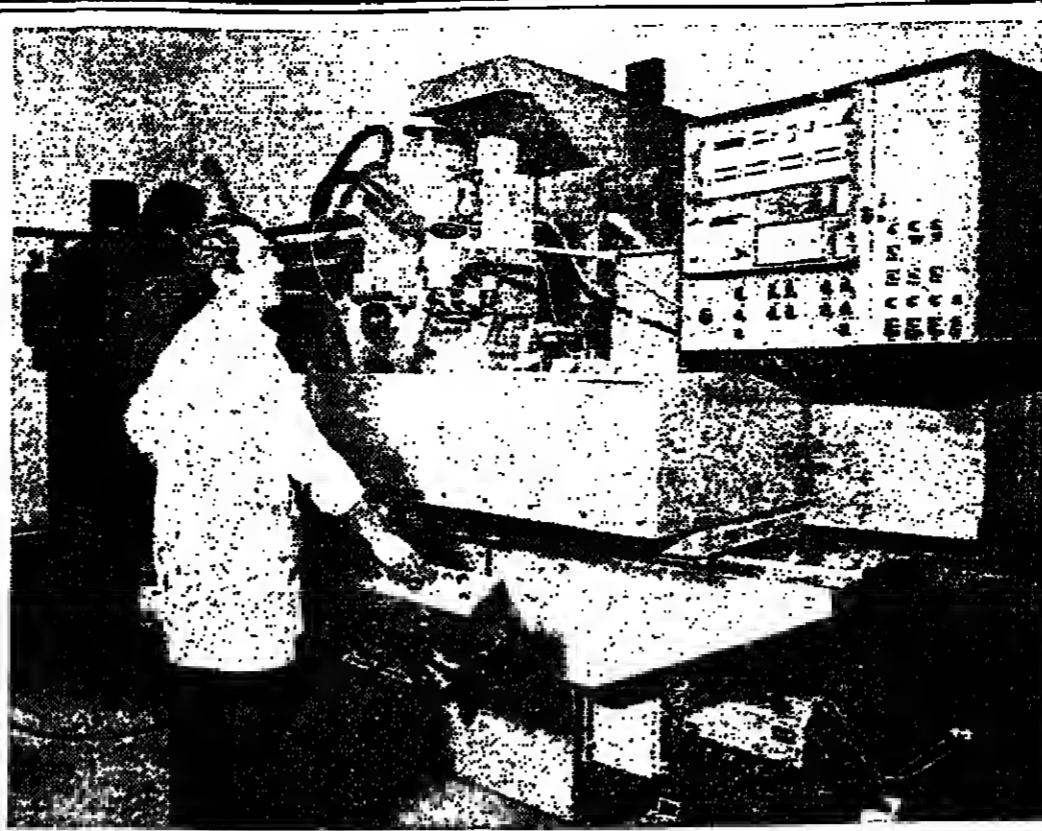
These cutting speeds are claimed to be 50 per cent greater than conventional oxy-fuel gas cutting methods on 5 mm mild steel. Furthermore it is possible to change easily the type of plasma gas used to optimise performance. The same gas is used for pilot as for main jet.

The equipment can be used to make shaped or straight cuts in sheets of stainless steel, light alloy or copper and can perform distortionless cutting on cleaned, pre-painted or galvanised low alloy steel sheets.

Either a lightweight easily-operated hand torch or a torch for fitting to a machine can be employed.

The compact, self-contained unit contains a water cooling re-circulation system, power pack, supply to pilot and main arcs with automatic transfer, gas supply and a closed loop torch cooling system. Dimensions are 850 x 1,200 x 1,580 mm, weight 220 kg.

More from the UK agent for SAF: Pethow of Sandvick, Kent CT13 9NE (03046 3311).



This Elb-Schliff creep-feed grinding machine is now in use at Otford Tool and Gauge, Sevenoaks, Kent, for the production of a much wider range of press tool and other parts than was originally considered possible. Creep grinding has been developed and used by Rolls-Royce for the production

of turbine blades and recently Otford Tool has seen the potentialities for wider use in toolmaking, particularly in view of the growing shortage of skilled toolmakers. The process essentially involves just one or two passes under the grinding wheel and greatly cuts production time without jeopardising accuracy.

## Wide bed grinding machines

MININI PL 800 series production surface grinders have 800mm wide tables and nine bed lengths from 800mm to 6,000mm.

Apart from table length and longitudinal traverse, all other characteristics of the PL 800 series are common. These machines are suited to a production situation which demands maximum flexibility. For instance, setting time is minimised with a system for adjusting table stroke which incorporates proximity switches rather than mechanical stops. These can be adjusted while the machine is in motion.

The rate to table deceleration, then acceleration in the opposite direction for the table can be varied. This allows the cycle time for the table to be optimised to suit the component being ground. Obviously, the heavier the mass on the table, the lower the acceptable acceleration rate. The grinding head has a 12.5 hp motor as standard—but there is an optional 15 hp motor. The motor runs at 1,450 rev/min. Integral spindle/motor equip-

ment is carried on a counter-balanced overarm. A slide on the underside of the overarm generates the 510mm of cross-traverse. On all standard machines, the maximum height under the wheel is 400mm. This can be increased to 700mm in increments using special columns.

Vertical movement on the fixed column is via a recirculating ball-screw, while the cross feed of the head is hydraulically powered.

It is possible to have an optional electro-hydraulic servo unit which controls the cross feed and automatic vertical feed.

R.K. International Machine Tools, Europa Trading Estate, Fraser Road, Erith, Kent E87 6JL.

## ELECTRONICS

### Process control system offers many options

BY THE addition of a multi-input/output control unit called Microspec and a high speed communications link (Foxnet), both microprocessor controlled, Foxboro now has an extensive range of equipments enabling the control engineer to create almost any kind of process control scheme embracing analogue or digital and shared or per-loop control schemes.

The total offering has been dubbed Spectrum and embraces the company's existing controller for dedicated per-loop control Spec 200, and Videopac, which was one of the first examples of a CRT display replacement for the conventional control panel that did not involve a computer. Together with the company's Fox 3 and LA computers, Spectrum is able to offer "unprecedented levels of shared and distributed control capabilities."

In shared control, one digital processor performs the monitoring and control functions for a number of process control loops. Distributed control on the other hand enables control sub-systems to be installed at appropriate locations throughout a plant with the ability to communicate with each other and with centralised equipment.

Microspec can handle up to 60 analogue inputs or outputs or up to 240 contact inputs or outputs per module. Instead of having, as in the case of Spec 200, a number of physical modules hard-wired together in a rack, Microspec replaces wire interconnections with logical connections within the system.

The process engineer can modify a control loop arrangement by changing or altering algorithms from the keyboard, rather than using tools to an equipment rack to physically change connections. Configuration of a control scheme can be carried out on line and Microspec offers the added advantages of digital computation, sequencing and interlocking.

The work station with CRT display gives the operator the clearest possible "window" into the process and allows him to respond quickly and appropriately to the whole range of process demands. Options available include data entry and display, high resolution bit-map graphics, colour display monitors, historical trend recording, alarm handling, performance recording and data logging.

To allow the necessary digital data to be interchanged between the parts of Spectrum, Foxnet has been developed to work at one megabit/second and interconnect up to 100 stations of any type. Coaxial cable is employed in lengths up to three miles without repeaters and standby transmission paths are available for security of the system.

In a big process complex, local clusters of equipment can be added as needed. Each is self-contained and independent and a failure of a long distance communication link will in no way affect the operation locally or compromise its communications needs since cable redundancy is incorporated.

Furthermore, some, perhaps the more critical functions can be implemented in Spec 200 for dedicated control, and others in Microspec.

Foxboro now takes the view that the advent of the microprocessor has given a completely new twist to process control. At one time says project manager George Fraser, marketing people were defining user needs and then working with engineering staff to determine whether that needs could be met.

Now he claims, there is more technology available in the microprocessor than "can be used intelligently." The marketing task has become a matter of finding out how this technology can be employed to deliver real user benefits.

More from Foxboro Yoxall, Redhill Surrey RH1 2HL (0737 65000).

## Dual role oscilloscope

MADE BY Scanoptik Inc. in the U.S. and available from Euro Electronic Instruments, 27 Camden Road London NW1 1YE (01-267 5416) is a plug-in module which will convert a Tektronix 7000 oscilloscope into a microprocessor tester and analyser.

Known as the LC-732, the unit will be shown at the 1979 (Wembley) Conference Centre, June and can be readily unplugged to leave the "scope free to be used normally. It has a single "personality" card with dedicated socket

positions for 8080A, 6800 and 780 types, and a fourth general purpose socket for any other NMOS type of micro.

Also recently added to Euro's lists is the discrete semiconductor test equipment made by Lorlin Industries of Connecticut. This has dual cassette magnetic tape drives with high speed read-in of programs, making it easy to set up different test sequences. It can also log the data it produces; the identity and value and value of devices' parameters for pass or failure of tests can be recorded.

## High current transistor

FERRANTI says it is "making an all-out attack" on the power transistor market with the introduction of the ZTX 650/750 npn and pnp devices aimed at the low power end of the market.

The company claims that the devices offer greater performance than has previously been achieved in a conventional TO22 package. Handling 1.5 watts at 25 deg C ambient, at voltages up to 100 V, the devices do not require clamping to the chassis or any mechanical heat sink. At a continuous current of two amps they offer a minimum gain

of 25 and under surge conditions can handle up to 6 A, the first time, it is claimed, that this has been achieved in the space available.

Ferranti Electronics believes that the devices will make a significant impact on the power transistor market, handling a 25 per cent segment of it not being covered by a TO92 device but by other transistors operated at the limit of their performance.

More from Fields New Road, Chadderton, Oldham OLG 5NP. (081 624 0515).

## ENVIRONMENT

### Removes the foul air in factories

BY LAW, industrial companies are deemed culpable if poisonous fumes emitted from processes used in factories cause damage to employees' health. Companies must remove from working environments such dangerous elements as carbon monoxide, acetic acid, ammonia, nitric oxide, phenol, etc.

Once removed, however, toxic fumes cannot be expelled into the atmosphere where they could create a health hazard to nearby residents. In this event, companies would also face prosecution.

Companies fully complying with both the Clean Air Act and the Health and Safety at Work Act may find an economical method for filtering gases out before expelling the cleaned air into the atmosphere but, at the same time, discover that they are losing often expensive heated air from factories and workshops.

Three-fold solution is offered with the launching of a filtration system from Leaver Industrial Filtration Equipment, PO Box 2, Hinkley, Leicestershire.

Called Enviro-Clenz, this sucks exhaust air in through a top feed air intake, passes gas-laden air through a chemisorbant filtration medium to remove the poisonous elements, and then discharges it through a down-flow outlet to the work area. At no time is exhaust air expelled to the atmosphere, says the company, and what heat loss does occur is correspondingly minimal.

The units are lightweight, with casings in glass-fibre reinforced polyester, and are designed to be hung from the roof space. Suspenders, the units obviate the need for bracket mounting or alterations to the roof itself, thereby simplifying installation. As each unit weighs only 75 kg, no strengthening of the roof is necessary.

System comprises a fan section, glass-fibre pre-filter, chemisorbant main filter, and glass-fibre after-filter.

Chemisorbant media was developed 15 years ago at NASA for its space programme. It is produced in the form of light purple pellets. Convenient way of checking whether the media is still working, says the company, is to crush a pellet; it will turn purple if it is still working efficiently; if it is brown, saturation point has been reached and the filter needs to be replaced.

Unit is a heat-recycling system which, says the company, operates at a slightly better efficiency than that claimed for most heat recovery systems due to the fact that the process requires no mechanical heat exchange equipment.

**THE NORWEGIAN OLYMPIAN PLUG-R SYSTEM**

This unique system of Compressed Air Processing Equipment has been extended and now provides for 1-1/2 inch piping installations.

**WIM ACHERSON LTD.**

## STORAGE

### Big bags aid cargo handling

BY SPRING powder granules or other bulk substances in a new range of flexible intermediate bulk containers, more versatile use can be made of ISO freight containers, says Lohit (UK), 55, Whiteley Lane, Charnock Road, North Yorks. (0429 88924).

Made of woven polypropylene, the containers are known as IBCs and are available in sizes to hold a nominal half cubic metre or one cubic metre. Self-working-lift capacities, says the company, range up to 20 tonnes each.

Particular advantages from these over standard carrier bags is that the end-distribution of the cargo is much faster, more convenient and more economical. In the case of perishable loose materials, the requirement to use a whole container load immediately it is opened is now avoided.

After distribution the full IBCs can be treated by the user as free-standing metal warehouses, says the maker, because of their robust and weather-resistant characteristics.

Fitted with lifting loops at the top, the containers can be filled and emptied with the use of a fork-truck without the use of pallets and also do not require any special handling gear.

## HANDLING

### Large lift trucks

A NEW range of large fork lift trucks designed for high capacity application has been introduced by Barlow Handling, Airfield Estate, Maldenhead, Berks (062 882 2151).

There are 13 pneumatic-tired models in capacities from 15,000 lb to 35,000 lb, and grouped into three series: the Challenger 150-275, Challenger 300-350, and Pioneer 150-200.

Manufactured at the Hyster plant in Irvine, Scotland, the new range will be marketed and serviced in the UK by the maker's distributor, Barlow Handling.

## CONTRACTS AND TENDERS

**INSTITUTO DE RECURSOS HIDRAULICOS Y ELECTRIFICACION**

**REPUBLIC OF PANAMA**

**ADVANCE NOTICE OF INVITATION TO BID FOR AUXILIARY ELECTRICAL AND MECHANICAL EQUIPMENT FOR FORTUNA HYDROELECTRIC PROJECT, REPUBLIC OF PANAMA**

The Instituto de Recursos Hidraulicos y Electrificación (IRHE) located at P.O. Building, Justo Arosemena Avenue, 27 Este Street in Panama City, Republic of Panama, announces its intention to conduct the following three bids for the Fortuna Hydroelectric Project:

1. Bid No. 628-79 for Furnishing, Delivering and Installing Auxiliary Electrical and Mechanical Equipment.
2. Bid No. 629-79 for Furnishing and Delivering Auxiliary Electrical Equipment.
- 2.1 Schedule A—Furnishing and Delivering Generator Main Leads.
- 2.2 Schedule B—Furnishing and Delivering Station Cubicle Type Unit Circuit Breaker.
- 2.3 Schedule C—Furnishing and Delivering Switchgear, Unit Substation and Motor Control Centers.

Interested Contractors may bid for any or all of the three bid schedules of Bid No. 628-79.

3. Bid No. 625-79 for Furnishing and Delivering Control and Protection System Equipment.

The tentative dates for availability of bid documents are as follows:

1. Bid No. 628-79—May 21, 1979.
2. Bid No. 629-79—July 5, 1979.
3. Bid No. 625-79—September 28, 1979.

Bid opening dates are planned for three months after availability of documents. The exact date, hour and place for opening of proposals will be communicated at the time of delivery of the bid documents.

IRHE has received the Loan IDA 7040 from The World Bank in various currencies equivalent to 42 million U.S. Dollars towards the foreign cost of the Fortuna Hydroelectric Project and the contracts for which this advance notice of invitation to bid is issued. These foreign costs will be eligible for reimbursement from the loan in the currency of the country of the contractor or in U.S. Dollars. Bidders can be considered only when World Bank Member Countries and Switzerland. When available, bid documents, as well as all plans, drawings, specifications and proposal forms may be inspected at IRHE's offices in Panama or at the International Enterprises in the United States of America, France, Italy, the United Kingdom, Sweden, Germany, Brazil, Spain and Japan.

The contracts for this project may be obtained directly from the Purchasing Department Office of IRHE located at P.O. Building, Second Floor, or be requested by mail at Apartado Postal 6286, Panama 5, PANAMA.

INTERNATIONAL INC., Southaven Tower, 300 Main Street, Boston, Massachusetts 02199. There is a non-refundable payment of 100 U.S. Dollars per set of documents. Cheques should be payable to IRHE, Attn: Procurement, P.O. Box 100, New York, N.Y. 10036.

General Director

## COMPANY NOTICES

**NOTICE TO BONDHOLDERS**

**ENSO-GUTZETT OSAKEYHTIO \$US 20,000,000**

**9 1/2% 1975/1982 Guaranteed Bonds**

Pursuant to provisions of the Purchase Fund, notice is hereby given to Bondholders that Bonds for the purchase amount of \$US 500,000 have been purchased for the Purchase Fund during the twelve-month period from May 5, 1978 to May 4, 1979. Amount outstanding: \$US 19,500,000.

May 14, 1979

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After more than 60 years of refining our skills to meet the demands for flexibility of German and international companies at home and abroad, we offer a full range of streamlined services for financing international trade. For example - short to long-term loans, buyers' and sellers' credits; documentary payments and collections; letters of credit; discounting of foreign bills; foreign exchange hedging facilities.

We operate wholly-owned subsidiaries in Luxembourg and Zurich. Badische Kommunale Landesbank International S.A. in Luxembourg with direct access to the Euromarkets, specializes in roll-over credits, syndicated loans, money market and foreign exchange dealing, and Eurobond trading.

Forfaitierung und Finanz AG in Zurich adds further dimensions to our international capabilities, concentrating in non-recourse export financing (à forfait), short and medium-term trade financing, and other specialized financial services.

We are a regional universal bank, headquartered in Mannheim (with total assets of DM 174 billion). As central bank of 69 Sparkassen in Baden, we are linked to Germany's powerful network of savings banks. We are also authorized to issue our own bearer bonds, assuring a broad source of funds.

Flexibility and the proven ability to match available alternatives with client needs are among our major strengths. For complete information, just contact:

Badische Kommunale Landesbank - Girozentrale - Augusta Anlage 33 - 6800 Mannheim 1 (West Germany) Telephone: (0621) 4581

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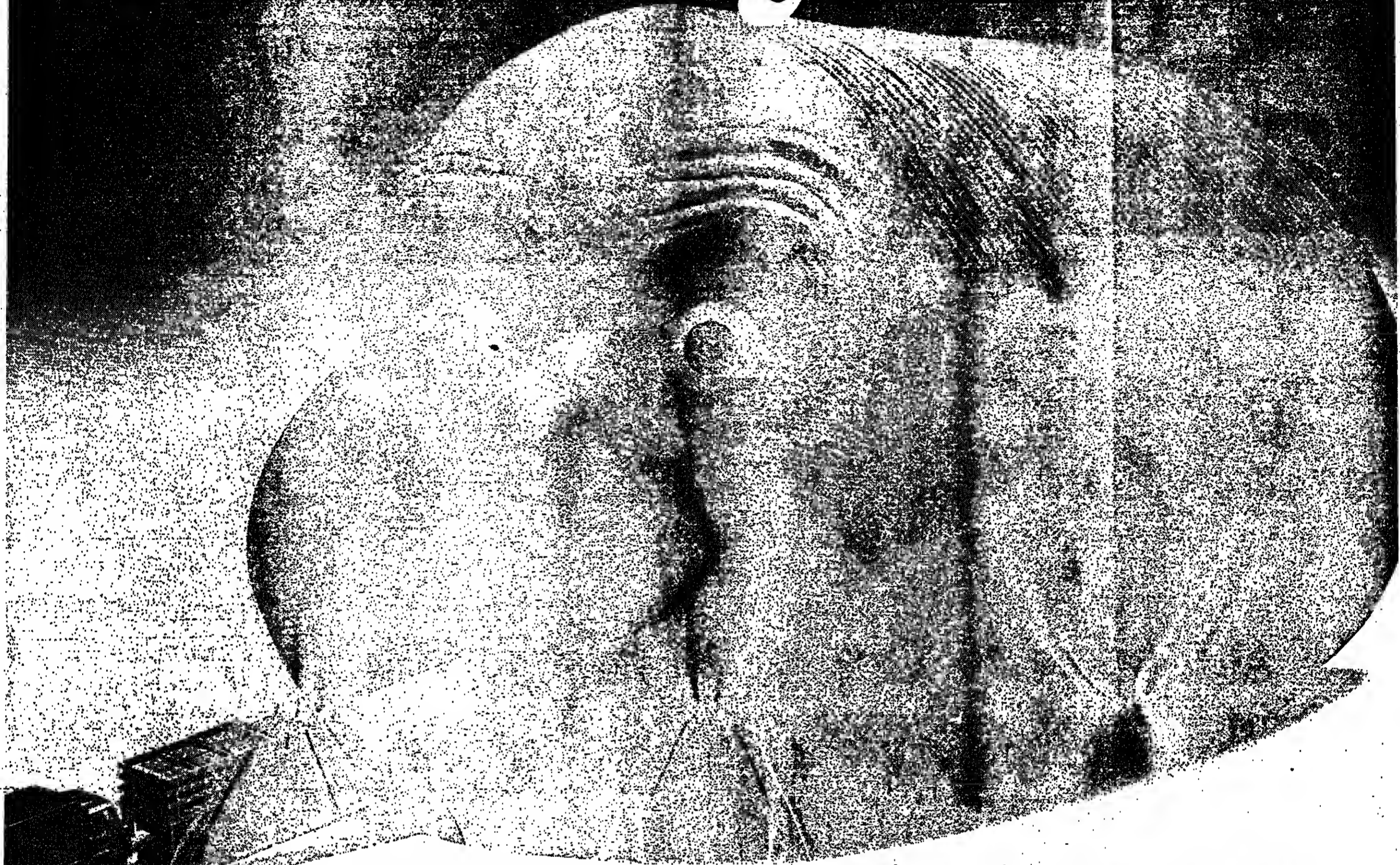
Badische Kommunale Landesbank - D-6800 Mannheim 1 (West Germany)

0271 100150



Opinion

# Obesity kills.



A fat warehouse, like a fat man, is an unhealthy one.

Usually, the problem is not that too many goods are going in. It's that they're badly arranged.

Rent, overheads, breakages and wage costs rise. So production and profits fall.

Stock levels and picking times increase, and customer service declines.

And, according to the evidence, the condition is a common one.

More than half the companies examined in a survey by the Department of Industry had an inefficient storage system.

And the total waste in British industry is more than £2,000 million a year.

It might seem that the answer to the problem is bigger warehouses. In fact, the answer is usually smaller warehouses, as many of our case-histories show.

In one case, we installed mobile shelving which reduced the width of the gangways.

Storage area was halved, which freed space for

extra production. Storage capacity was increased by 20%.

Picking times were reduced by 60%.

The investment paid for itself in 18 months.

In another case, we made use of wasted roof-space with high rise, narrow-aisle pallet racking, together with two stacker cranes.

Storage capacity was increased by 80%, with no increase in storage area.

Product damage was reduced by 80%, overheads by 30%, and picking times by 20%.

You can read 100 of our case-histories in our "Book of 100 Answers."

And we can plan, supply and install anything from a bay of shelving to a complete automated warehouse.

Which should help, whether your company is large or small, to improve its state of health.



We'll help you make money out of thin air.

# Building and Civil Engineering

## Kuwait Stock Exchange will cost £28m

IT IS reported that the final design for the Kuwait Stock Exchange (main consultants—Kuwait Engineers Office and UK architects The John S. Bonington Partnership) has been approved by the Kuwait Foreign Trading, Contracting and Investment Company.

The Exchange which is expected to cost about £28m will not be far from the Sof Palace and opposite the new State Mosque. It will be divided into three easily identifiable elements within an eight storey high cubic form. The lowest part will contain the market floor surrounded by brokers dealing rooms and this will form a podium covering the entire site area. Above, there is to be a narrow 'L' shaped wing of offices overlooking the roof water garden.

The remainder of the cubic form is to be completed by two 'bridge' floors which will be suspended three storeys above the podium and span between the main building cores. The space within the hollow cube will be screened from the sun by a large shading roof spanning between the 'L' shaped block and the bridge accommodation.

Total area of the building will be about 31,000 sq metres and includes the main stock market area, brokers' offices and accommodation for the Stock Exchange administration, together with lettable office space, building services and car parking facilities. Construction is expected to start next year.

LARGEST CONTRACT won by John Laing Construction in awards totalling about £5m is for a covered shopping complex for Cumberland Development Corporation.

Work starts this month on phase four of this £4m-plus project which will provide a large supermarket and some 70 retail units of varying sizes. Most of the units will be at ground-floor level, although there will be upper retail areas in some sections of the complex. There will also be parking at ground level for 140 vehicles, and rooftop parking for about 200 cars.

Complex will be of steel-framed construction on reinforced concrete strip foundations, and external walls will have an outer skin of exposed aggregate lightweight facing block with an inner skin of concrete surface blockwork.

Other contracts awarded to various regions of the company include: a single-storey steel framed building for Marley Tile Company at Harrietsham, Kent; single-storey depot building for British Gas Corporation at Taplow; warehouse extension and offices for Johnson and Johnson at Bristol; and Industrial access road at Harnall Lane, Coventry for the Coventry City Council.

BRITISH RAIL Southern Region, has awarded a contract worth about £1m to Concan Construction for the reconstruction of Gatwick Airport railway station. Extensive foundation and preparatory work has already been completed by other contractors.

Scheduled to take three years, the contract includes the construction of an elevated concrete and footbridge over the existing six railway tracks and platforms, together with the installation of escalators and stairs connecting the platforms to the upper level of the station, and links to the British Airport Authority terminal.

Also included is the provision of new platform canopies, staff accommodation block, drainage works and resurfacing of all platforms.

## Laing work on shops in Scotland

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## £30m steel for Drax

FABRICATION AND erection of structural steelwork for Drax 'B' Power Station at Selby, Yorkshire, is to be undertaken by the Central Electricity Generating Board by a joint venture—Sir William Arrol of Glasgow and Alexander Findlay and Co., of Motherwell. The contract is worth over £30m.

Contract includes the supply, delivery and erection of some 50,000 tonnes of structural steelwork, roof and side cladding, and other building work.

Erection will start in the spring of 1980 and is projected to be completed towards the end of 1983. Fabrication of the structural steelwork will be carried out in Glasgow and Motherwell.

Erection of the steelwork, involving units up to 80 tonnes in weight, will be carried out by one 30 tonne and three 60 tonne tower cranes designed specifically for power station erection, together with other cranes.

New structure will house and support three 660 MW generating sets which, together with the station's existing generating capacity, will make Drax one of the largest power stations in Europe.

The station is coal fired and will be supplied with coal from the new Selby mining complex. Designer of the structural steelwork is W. S. Atkins and Partners (Epsom).

Sir William Arrol is a unit of NEI Clarke Chapman Cranes (part of Northern Engineering Industries) and Alexander Findlay and Co., a subsidiary of Sears Engineering.

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Sir William Arrol is a unit of NEI Clarke Chapman Cranes (part of Northern Engineering Industries) and Alexander Findlay and Co., a subsidiary of Sears Engineering.

## Offices and flats

LARGEST CONTRACT in a total of nearly £7m awarded to A. Roberts (Building) is for a 10-storey office block at Dagumot Avenue, London W14, worth £5.5m for London Transport.

Due to start this month is a £2.1m job for the London Borough of Lambeth at Carfax Square, SW1. Company will build 101 new dwellings with two-storey flats, three-storey town houses, and dwellings with associated communal facilities for the elderly and disabled.

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## Wates to refurbish

WORK TO both pre-war and post-war developments comprises £2m contracts won by Wates Special Works.

A further 36 flats in seven 1930s blocks are to be modernised and converted to provide 89 dwellings at a cost of £1.1m at Addington Mansions, Highbury Grove, for the London Borough of Islington.

Work has now commenced on two 15-year-old 14-storey blocks of maisonettes at Secux Gardens Estate, Peckham, for the London Borough of Southwark.

## Gatwick rail plan

BRITISH RAIL Southern Region, has awarded a contract worth about £1m to Concan Construction for the reconstruction of Gatwick Airport railway station. Extensive foundation and preparatory work has already been completed by other contractors.

Scheduled to take three years, the contract includes the construction of an elevated concrete and footbridge over the existing six railway tracks and platforms, together with the installation of escalators and stairs connecting the platforms to the upper level of the station, and links to the British Airport Authority terminal.

Also included is the provision of new platform canopies, staff accommodation block, drainage works and resurfacing of all platforms.

## Testing the ground

THREE CONTRACTS together worth £300,000 have been awarded to Ground Engineering.

The largest worth over £100,000 involves geotechnical consultancy for a supplementary investigation on a 15 km (9-mile) section of the proposed orbital road between Micklefield Green and South Mimms, Herts.

## £3m. for new cranes

A FURTHER £3m is being spent by the Grayston Group on new cranes for its various depots in the UK.

Largest order is over £1m for an American 11320 crawler crane of 450-ton capacity and derrick equipment.

Several new Kato 14 and 30-ton capacity telescopic cranes have been purchased at an estimated cost of £600,000, and the group recently took delivery of several Grove cranes.

## Work in store for Mowlem

EXTENSION OF Dingle's (House of Fraser) department

## Restoration work in Edinburgh

THE CROWN Estate Commissioners have awarded the first phase of a major restoration and refurbishment programme in Nicolson Street, Edinburgh, to Gilbert Ash Scotland, a Bovis company. Work now starting is due for completion in 15 months.

The firm contract involves both new work and rehabilitation. The former involves construction of a supermarket and 15 flats and the rehabilitation covers the modernisation of tenement buildings to provide more flats and shops at ground floor level.

Kenneth Rydey and Partners are the project managers and Norman Gray and Partners are the architects.

## Costain factory units

THREE FACTORY units will be built by Costain Construction at Abergorchi in Rhondda under a £683,114 contract awarded by the Welsh Development Agency.

The single storey buildings will be steel framed with concrete slab floors, brickwork and vertical metal cladding. Roofs will be steel portal frames with asbestos covering.

Largest factory will be 25,000 square feet and the smaller ones 10,000 square feet.

Each building will provide a two storey office block and toilet facilities.

Contract also covers mechanical and electrical installations and external works include landscaping, roads, car parking area and footpaths.

## Offices in Reading

SINCE moving into its 10-storey Reading HQ in 1974, Foster Wheeler has doubled its workforce and now needs to take over a second office block in the Berksbire town.

New offices will be built on a site bounded by Valpy Street, Blagrave Street and Forbury Road, near the company's existing head office in Station Road, and will comprise four floors and a basement area.

Architect for the new building is Barton Willmore and Partners, Reading.

Construction is expected to start this summer and take about 18 months to complete.

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## Fighting a fungus

IT WOULD seem that our preoccupation with better living standards, and concentration on insulating homes against this country's climate, is inviting the encroachment of a new threat to the late seventies—mould growth.

Attacks are more concentrated in new and reconditioned housing and the fungus is directly linked to the problem of condensation—itsself increased disproportionately in this country in recent years.

The more we double-glaze, and insulate (stopping up chimneys, eliminating draughts etc.) the less chance there is of air penetration and a greater risk of water vapour in the atmosphere reaching saturation point and producing condensation.

In these circumstances, mould growth is likely to remain a constant and even more insistent problem, as there has not yet been an effective long term treatment, says Phoenix Preservation, Ferry Lane, Rainham, Essex (Rainham 50425).

This company is offering immediately effective treatment which ensures long-term immunity against mould growth and is available for use by clients' own labour (acting under the company's advice and supervision).

A separate Phoenix division has been set up to develop the new comprehensive service, at first in the London area and, in due course, on a nationwide basis.

An initial survey of a mould infested property will note the structural causes of condensation, including concrete ceilings, concrete partition walls, cold bridging from components such as lintels, and inadequate ventilation.

After the data has been collected and analysed, the surveyor will prepare a specification broken down into component sections which may comprise one or more of the following items: dry lining; insulation; ventilation; anti-mould growth treatment; and decorations.

Where required, each section may be costed as a separate item, allowing greater flexibility for the client in deciding priorities within the constraints of budget, choice of contractor, and consideration of the needs of the occupants of the property.

used to predict the performance of driving equipment and all types of piles—including piles of varying cross section—in a wide range of soil conditions.

The program is available for running to clients' requirements and operators are ready to advise on choice of equipment and performance.

Basic data fed in is likely to cover details of the hammer—type, rated energy, weight, drop, cushion cap characteristics; the pile—geometry (wall thickness, taper, etc) and the soil—broad band indications (sand, clay, gravel, etc) and core samples if available.

A general-purpose finite element program is available for engineering calculation, eg, structural, hydraulics, geotechnical.

QMC Anchor Technology, 229 Mile End Road, London E1 4AA. 01-750 0066.

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## Hospital job won by Bovis

A MEDICAL education centre for the Medical College of Saint Bartholomew's Hospital in West Smithfield, London E1, is to be built under a £300,000 contract awarded to Bovis Construction by the City and East London Area Health Authority (Teaching).

The three-storey building will be located between the hospital's west wing and the out-patients department alongside the photographic department and medical college library.

In addition to providing both a large and a small lecture theatre, tutorial/seminar rooms and media resources centre, the building will include offices and ancillary accommodation—all served by a staircase, disabled persons' lift, and goods hoist.

The architects are Cusdin, Burden and Howitt and the consulting engineers R. T. James and Partners.

## £4½m to Sindall

TWO COMPANIES in the Sindall Group have been awarded between them contracts to the value of £4.5m.

Largest job for Sindall Construction is worth £1.5m and is for new council headquarters for Babergh District Council at Haddleigh, near Ipswich. Other work awarded to this company includes a family centre and office block at Wimbledon, the Merchant Investors Assurance Company, value £781,718; 18 houses and flats in Hoddeston for Council of the borough of Broxbourne, value £1.2m; and single officers quarters, RAF Coltishall for the PSA, valued at £466,733.

King's Lynn Crematorium, costing £421,222, is West Norfolk District Council's contract with Sindall (Norwich), and this company also has jobs which include an extension to Old Catton First School for the Norfolk County Council, value £108,962.

CONTRACTS totalling about £1m for jobs in the Middle East have been awarded to the S. W. Farmer Group of structural engineers.

Two contracts are for industrial buildings. One involves the fabrication and erection of structural steel for a time plant and brick factory, both being set up in Oman by the Oman Government and Kuwait Industrial Development Bank. The other is for the fabrication for two warehouses at Mecca, Saudi Arabia.

## Farmer's £1m exports

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## Noise and vibration

DESIGNERS, MACHINERY manufacturers, architects, consultants, and all those concerned with the control of noise and vibration might benefit from a newly published technical handbook "Noise and Vibration Control".

In nearly 800 pages it covers all aspects of this increasingly important technology, including its causes, effects, measurement, desirable levels, methods of control, etc, and gives sources of specialised assistance and purchasing agents.

Available at £42.00 (plus £1.25 p and p) from the publisher, Trade and Technical Press, Crown House, Morden, Surrey (01-540 3897).

## PLANT & MACHINERY SALES

Description	Telephone
GUILLOTINE 8ft 1in capacity Pearson, hydraulics operation; powered back stop spare shear blades	
ROLLING MILLS	
5in x 12in x 10in wide variable speed Four High Mill	0902 42541/2/3 Telex 336414
3.5in x 8in x 9in wide variable speed Four High Mill	0902 42541/2/3 Telex 336414
10in x 16in wide fixed speed Two High Mill	0902 42541/2/3 Telex 336414
6in x 16in x 20in wide Four High Mill	0902 42541/2/3 Telex 336414
20in x 30in x 350 H/P Two High Reversing Mill	0902 42541/2/3 Telex 336414
10in x 12in wide fixed speed Two High Mill	0902 42541/2/3 Telex 336414
16in x 16in wide fixed speed Two High Mill	0902 42541/2/3 Telex 336414
1970 CUT-TO-LENGTH max. capacity 1,000 mm 2 mm x 7 tonnes coil fully overhauled and in excellent condition.	0902 42541/2/3 Telex 336414
COMPLETE SLITTING LINE, capacity 920 mm wide x 10 ton coil	0902 42541/2/3 Telex 336414
FARMER NORTON 18in WIDE CUT-TO-LENGTH LINE Max. capacity 15m x 10 s.w.g.	0902 42541/2/3 Telex 336414
RWF TW STAND WIRE FLATTENING AND STRIP ROLLING LINE, 10in x 8in rolls x 75 hp per roll stand. Complete with edging rolls, turner's head, flaking and fixed recoiler, air gauging, etc. Variable line speed	0902 42541/2/3 Telex 336414
0/75 f/min and 0/1,500 f/min	0902 42541/2/3 Telex 336414
SLITTING LINES (2) 300 mm and 920 mm	0902 42541/2/3 Telex 336414
BAR AND WIRE REELING & STRAIGHTENING MACHINE by Platt. Max. capacity 2in Bar 2.50in tube capacity	0902 42541/2/3 Telex 336414
8 BLOCK (400 mm) IN LINE, NON-SLIP WIRE DRAWING machine in excellent condition. 0/2,000 f/min variable speed, 10 h.p. per block (1968)	0902 42541/2/3 Telex 336414
SIX BLOCK (22in x 25 h.p.) IN LINE NON-SLIP VARIABLE SPEED WIRE DRAWING MACHINE by Marshall Richard	0902 42541/2/3 Telex 336414
9 DIE 1,750 f/min SLIP TYPE ROD DRAWING MACHINE equipped with 3 speed 200 h.p. drive 20in: Horizontal Draw Blocks 22in Vertical Collecting Block and 1,000 lb Spooler. (Max. inlet 9 mm finishing down to 1.6 mm copper and aluminium)	0902 42541/2/3 Telex 336414
7, 9 and 17 ROLL FLATTENING AND LEVELLING MACHINES, 20in, 36in, 39in and 72in wide	0902 42541/2/3 Telex 336414
HYDRAULIC SCRAP Baling Press by Fielding and Platt, 85 ton main ram	0902 42541/2/3 Telex 336414
Four High Mill	0902 42541/2/3 Telex 336414
TYPE 1000F CINCINNATI PLATE SHEAR max. capacity 1,250 mm x 25 mm M.S. Plate, complete with full range of spares	0902 42541/2/3 Telex 336414
No. 1 FICHTY SHEAR, max. capacity 50 mm rounds 75 mm x 35 mm bar 400 mm x 10 mm flats (spare shear blade)	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control	0902 42541/2/3 Telex 336414
3 CWT MASSEY FORGING HAMMER—pneumatic single blow	0902 42541/2/3 Telex 336414
36 Dia. HORIZONTAL BULL BLOCK by Farmer Norton 75 H/P variable speed drive	0902 42541/2/3 Telex 336414
TWO SPEED REVERSING ROLLING MILL, equipped with 20in dia x 30in wide rolls. Twin recoilers and 350 h.p. drive	0902 42541/2/3 Telex 336414
HERDIECKERHOFF 100 WK VACUUM HEAT TREATMENT FURNACE, complete with 40 cooling station, vacuum pump and temperature control cabinet	0902 42541/2/3 Telex 336414
DRAWBENCH by Platt, max. capacity 15 ton pull x 48 ft draw	0902 42541/2/3 Telex 336414
1972 ROTARY SWAGING MACHINE by Marshall Richards, available with 30 die size, max. capacity 24 mm bar, 57 mm tube	0902 42541/2/3 Telex 336414
9 DIE WIRE DRAWING MACHINE, cone type 40 hp x 250 f/min 14in diameter finishing block, 18% area reduction per die	0902 42541/2/3 Telex 336414
4,000 TON HYDRAULIC PRESS, Upstroke 01-928 3131	01-928 3131
UPSET BORING MACHINE 4in dia 750 ton	01-928 3131
WICKMAN 1 1/2 SP AUTOMATIC, Reconditioned	01-928 3131
WICKMAN 2 1/2 SP AUTOMATIC, Reconditioned	01-928 3131
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LUMSDEN GRINDER 84" x 24" magnetic chuck	01-928 3131
LUMSDEN GRINDER 36" dia. magnetic chuck	01-928 3131
HEID COPY LATHE 36" dia x 50" Reconditioned	01-928 3131
FISCHER COPY LATHE TYPE BR/4/1	01-928 3131
WIDEMAN TURRET PRESS TYPE BR/4/1	01-928 3131
BRYANT INTERNAL GRINDER 60" dia. as new	01-928 3131
ROTOPINISH BARRELLING UNIT 36 cu.ft. rub. lined	01-928 3131
CAZENOVE LATHE Model 725 25" dia x 39" Excl.	01-928 3131
NATION COLD HEADERS 1" & 3/4" dia. recon.	01-928 3131
200 TON DIE CASTING PRESS	01-928 3131
DEEMOR HEAVY DUTY LATHE 38 dia x 10 ft	01-928 3131
CINCINNATI No. 3 HORIZONTAL MILL	01-928 3131
V.D.F. CENTRE LATHE, 26" dia. x 14 ft	01-928 3131
BARBER & COLMAN 16-16 HOBBER, as new	01-928 3131
DRUMMOND COPY LATHE 8" B/C. Recond.	01-928 3131

## IN BRIEF

- Construction of the Plas Marl by-pass, near Swansea, South Wales, will cost over £822,000, and will be carried out by Mears for West Glamorgan County Council.
- Washington Development Corporation has awarded a £400,000 contract to Balfour Beatty Construction for works associated with Sunderland Highway-Interchange "L".
- Contracts for £236,000 awarded to Elliott Group of Peterborough include a nursery school, valued at £875,000 for Lothian Regional Council and Ravenspark Hospital day centre valued at £89,000, for Ayrshire and Arran Health Board.
- English Industrial Estates has started work on advance factories for the Department of Industry at Wakefield Road, Bradford; Brenda Road, Hartlepool; and Lillyhall, Workington.
- Wrekin Construction has a £300,000 contract for site preparation works on stage one of a programme to provide housing on reclaimed land at Priorslee, Telford, for Telford Development Corporation.
- Hunting Geology and Geophysics is to undertake a programme of photogeology and airborne geophysics for uranium deposits in the Philippines for Bangor Consolidated Inc. of Manila, and the Getty Oil Company, of Los Angeles.
- Brick Development Association has just published "Low Rise Domestic Construction in Brick" in three self-contained volumes. Each part is intended to aid building designers to identify and solve problems relating to compliance with particular aspects of current regulations.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Innovation—U.S. business demands the President's help

Christopher Lorenz on the extensive process of consultation which went into Washington's proposals for reviving industrial innovation

IN A FEW weeks' time President Carter will receive from the administrative machine in Washington a set of highly unusual policy proposals. Their purpose is important enough: how to revive industrial innovation in the United States, and thereby give a much-needed boost to wealth-creation and growth.

This is the most comprehensive and highest-level U.S. investigation ever to be made into the subject, and the first to be directly instigated by a President. It owes its birthright to a 1977 report from the National Science Foundation, and ancillary evidence which showed that, while the overall level of R and D in industry gave no obvious cause for concern, much of it was of an increasingly low-risk, short-term nature, geared towards the improvement of existing products and processes, rather than really new innovation.

An obvious extra stimulus for a policy review was the headlong penetration of Japanese industry into the U.S., particularly with colour TV's and other consumer electronics; reports of Japan's massive R and D spending in almost every sector of high technology, including computers, micro-electronics and chemicals, added to the President's concern.

Unworkable

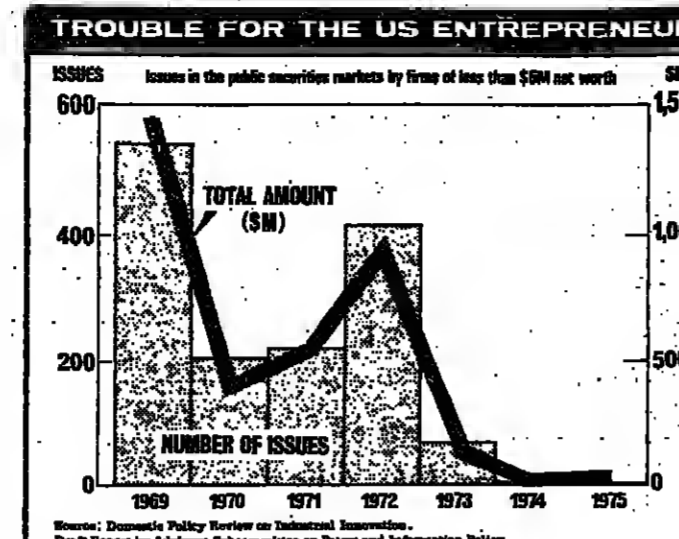
The businessmen's many policy recommendations reflect an illuminating spectrum of views on such controversial topics as tax, government regulations and protectionism. Equally instructive has been the way that some of the more extreme and unworkable notions were abandoned as a result of a series of open debates with senior government officials. Nor was the learning process one-way: civil servants from various government departments seemed to become more aware of the need to consider the impact on industry of their decisions.

Few of the European governments and civil servants which are also desperately searching for ways to stimulate innovation—whether in the form of the ubiquitous microprocessor, or other forms of technology—have taken the trouble to consult half as thoroughly with the companies they are trying to help, and with the wider interest groups their measures will directly affect. As a result, their policies can only be less effective, in terms both of technical viability and political acceptability.

Washington's process of consultation has been under way almost continuously since this time last year, when President Carter instigated what is called a "Domestic Policy Review" on innovation, taking in the policies of the entire Federal Government, including 28 of its departments and agencies.

Like many people before him with far more experience of technology, President Carter's conclusion was that his Government must look at ways of encouraging more productive R and D. It needed his more far-seeing advisers, including those with industrial experience like Dr. Jordan J. Baruch, Assistant Secretary of Commerce for Science and Technology, to point out that R and D is just one part of the complex jigsaw of industrial innovation.

Properly defined, this covers "the successful translation of an invention right through from idea to marketplace" to paraphrase one of the committees of businessmen which recently reported to Dr. Baruch, as coordinator of the Review.



Source: Domestic Policy Review on Innovation. Draft Report by Advisory Subcommittees on Finance and Distribution Policy.

THE DECLINE in small firms' capital-raising shown in the graph is "catastrophic," according to several of the Policy Review's sub-committees. But, says the Patent group, the trend also extends to other sources of small business finance, such as specialist venture capital institutions and individual high-risk investments.

Another set of statistics cited by the sub-committees suggests that companies founded between 1971 and 1975 were able to raise only half as much equity capital, on average, as firms founded between 1966 and 1970. As a result, firms founded in the more recent period had a debt-to-equity ratio of more than 2:1, compared with the more secure 1:1 ratio that had prevailed for the previous 15 years.

Many of the alleged reasons for these trends are reported elsewhere on this page. Two of the factors emphasised by the Economic and Trade Policy group are the increase in capital gains tax since 1968, "that has nearly destroyed the incentive for investors in high-risk innovative ventures"; and the way large pension funds have limited their investment in entrepreneurial, high-risk small businesses.

which then generate new innovations, wealth and jobs. Nor are the claimed benefits confined to small firms; in contrast with Europe, we are told that the average executive of even a large U.S. corporation is prepared to take the risks so necessary for successful innovation.

Yet statement after statement from the U.S. businessmen in their reports five months ago might have come from their downtrodden counterparts on this side of the Atlantic.

Take just five main points. The subcommittee on Federal Procurement Policy argued that:

- "There is no greater constraint to technology in America than (the) shortage of investment capital for innovative small businesses." The only way out, it said, was for:
• "Tax reform that removes penalties for entrepreneurial capital investment." An allied complaint came from the subcommittee on Economic and Trade Policy that:
• "Inflation has... meant that the cost of capital has reached all-time highs, acting as a deterrent to capital spending by all corporations, large and small. This condition contrasts with the lower costs of capital available in both Japan and Germany." The U.S. must be extracted from this situation, of increasing risk and falling reward. But there must be a recognition that general measures are more effective than:
• "Specific programmes that are more narrowly based..."

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venture capital requirements were greater then ever before, the group argued. But, since 1970, risk capital of all kinds—both start-up and expansion—had become scarce, thanks to "an array of federal policy decisions, particularly in the excessive tax on capital gains." Evidence of this damaging dearth of investment capital is shown in the illustration. That the shortage was caused by much more than just economic recession is illustrated by the procurement group's argument that, while the money raised by all corporations in the public securities market increased by half between 1972 and 1973, the amount raised by small firms of less than \$5m net worth fell from almost \$1bn to only \$16m.

Picking up the theme of a 1977 report by the Joint Economic Committee of the U.S. Congress, several of the Review subcommittees argued that these, and other, problems could only be satisfactorily solved if the entire basis of the U.S. tax system was changed, in order to encourage savings and investment in industry, as opposed to personal expenditure. That is no small demand, even if it would be a less mountainous task than in some European countries, especially the UK.

Among the measures suggested for established U.S. companies were more attractive depreciation provisions, allowing the more rapid recovery of capital. There were also several suggestions for boosting individual savings, and stimulating their investment in new, technology-based firms. More than once, the point was made that tax incentives which encourage innovation in a large or medium-sized company are often irrelevant to small companies; in other words, that twin sets of measures are needed.

By now it will be obvious that many of the businessmen's proposals were far too broad to be seen just in the context of Washington's innovation policy. This is one of the factors which have helped Dr. Baruch and the seven inter-departmental teams of civil servants sift the 150 recommendations and produce a manageable number (about 45). These have since been costed by the Office of Management and Budget, and commented on by the agencies that would be affected.

Another part of the filtering process was the series of seven one-day symposia, held in January on each of the Review's subject areas. Each was attended by representatives from industry, trade unions, academia and the "public interest" groups, as well as the relevant representatives from the government's own teams. Some of the businessmen's more extreme proposals appear to have been laid to rest in the course of these discussions. For example, the subcommittee on Industry Structure and Competition had suggested that, in certain circumstances, protectionist measures should be taken against products from some foreign firms, whereas Dr. Baruch has insisted throughout the Review that such measures could not be countenanced. Nor, for that matter, he has argued, was there any evidence that they would help U.S. innovation, rather the contrary.

The Competition group's demands for a radical change in U.S. anti-trust laws also seem to have fallen by the wayside during the discussions, though some of the government representatives were impressed by evidence that some of the anti-trust laws may harm innovation.

Among the many other specific points of consensus at the symposia were that industrial innovation might be considerably enhanced by an increase in the "lead time" between the announcement of and introduction of environmental and other regulations.

With many such proposals in his portfolio, Dr. Baruch can confidently claim that more than half the imminent recommendations to President Carter will cost the government nothing—a healthy advantage when some of the proposals may be for tax incentives, and when the President is under intense pressure to cut public spending.

Dr. Carter's column on Executive Health will be published on Wednesday.

UK Cabinet

In Europe, some of Dr. Baruch's counterparts have been less fortunate. This is particularly true of Britain, where the Cabinet Office and the Department of Industry, prime movers of the UK's current series of electronics and innovation studies, have had to direct much of their attention at simply educating top management into realising that innovation is crucial to the survival of British industry.

In such a difficult environment, it is not surprising that Britain's Cabinet Office, in particular, has felt forced to rely largely on scientists, rather than general managers, for its advice from industry about how government might best stimulate innovation. But the relative effectiveness of its proposals may suffer as a result.

In the U.S., over a third of the 120 businessmen selected to sit on one of seven advisory subcommittees—each covering a different policy area—could be termed "general managers,"

but there were many more of them among the "outer circle" of 430 (the balance of the 550 applicants) who agreed to check and comment on the findings and recommendations of the sub-committees.

The businessmen's efforts were flanked by two further advisory sub-committees, representing trade unions and the "public interest" (consumer and community groups). Dr Baruch has also been able to call on the advice of a group of distinguished academics.

By European standards, the unions' contribution was both sparse (their report was extremely short) and moderate (except on trade policy). More surprising was the lack of stridency of the "public interest" group; there was little hint of the anti-technology thread which normally characterises public debate in the U.S.

At first sight, the 500 pages of analysis and proposals by the seven groups of businessmen seem oddly familiar to an observer of the current discussion in Europe on how to improve industry's design and innovation, and how to improve incentives for industry in general and small firms in particular.

Over the past few years, a series of reports has compared the shortcomings of European industry with the supposed model of entrepreneurship and innovation in the U.S. Time and time again, we have been told that the enviable U.S. tax system encourages wealthy private individuals to risk their fortunes by financing new firms,

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NAT WEST NEEDED A NEW HOME FOR BOB, JEFF, MARTIN, ROY AND JENNY - SO WE BUILT THEM GOODMAN'S FIELDS

Advertisement for Higgs and Hill Management Services Division, describing the construction of a new London Centre for Nat West. The building is 550,000 sq. ft. and includes restaurants, bars, and a cinema. Higgs and Hill are leading the building industry in other ways too. For example we offer a Management Fee Service method of working, which places the weight of responsibility for your project upon the expert team of the design professionals and us. Detailed planning, programming and monitoring, and thorough evaluation of subcontractors and suppliers is fundamental. You quickly benefit by the identification of avoidable costs and the application of accurate financial controls; and you can readily forecast the full construction commitment in terms of time and cost before building commences, thus clearly establishing the viability of the project from the outset. There's more. For the full story, write or phone for the Higgs and Hill Management Fee Service brochure.

Pay policy at the IMF

BY JUREK MARTIN IN WASHINGTON

IT IS very hard not to feel sorry for M. Jacques De Larosiere... By all accounts a serious and competent man...

Luxury There is a fair chance that at the end of this month, the 2,500 strong professional staff at the IMF will be on strike...

cost of living awards: the U.S. Treasury both because it feels pay scales are high enough and because it fears that if it sanctioned an increase Congress would react by slashing aid appropriations...

Yet so on such subjects is being seriously impaired by consuming debates on such earth shattering subjects as comparative pay scales, dollar devaluation and repatriation allowances...

Discernute It is about time he was given the necessary support—from all the parties. It is indeed a serious matter to give the IMF as a tool in a political game...



M. Jacques De Larosiere Du Champêtre

The details of the dispute are by now so complex that a magazine, let alone a newspaper, would be pushed to do them justice in the space available...

Plethora of lawyers at the helm of government

NO ADMINISTRATION in recent times has been so studded with members of the legal profession as the one that has taken office under Mrs. Thatcher. If lawyers have always had a powerful voice in the corridors of power, they now have a plethora of spokesmen at the very helm of government...

earnings, so inadequate is the pay at £18,675. There will certainly be renewed pleas to the Chancellor to do something to relieve the plight of the flourishing "silk" with a little more hope of success than has been experienced in the recent past...

THE WEEK IN THE COURTS

cellor comes to raise the level of VAT will be also look sympathetically upon the profession's desire to be excluded from the tax. Another bone of contention among practising barristers and solicitors is the pegging of criminal legal aid at the 1972 level...

The Conservative Government follow the line of monetary expansion. There are indications that at least Section 2 of the Official Secrets Act—that catch-all provision against unauthorised disclosure of official information—will be replaced by something less draconian...

The trickiest immediate problem concerns three current applications before the European Commission on Human Rights brought by employees contending that the closed shop violates freedom of association...

Queen's colt a Derby prospect after triumph over Halyudh

THE PROSPECT of a bicentennial Derby victory for the Queen sprang very much into life on Saturday with Milford's Ladbrook. Lingfield Trial victory. The royal colt is now a 10-1 chance with most firms for June 6.

Although some will argue that Milford's victory over the 40-1 chance Halyudh on heavy ground means little in terms of a pointer to Epsom the West Hill colt could do more than win as he pleased. Furthermore, the style in which he quickened from the foot of the hill into the home straight gave a clear indication that he possesses that invaluable asset, a turn of foot.

One man as pleased as anyone of the victory and the manner in which it was achieved was Lord Forchester, the Queen's racing manager, who said: "Joe Mercer was really impressed. He said Milford will be a terrific horse next year."

Opera and Ballet

COVENT GARDEN. Credit cards. 01-240 2258. ENGLISH NATIONAL OPERA. ENGLISH NATIONAL BALLET. THE ROYAL OPERA. THE ROYAL BALLET.

THEATRES. ALDEPHI. 01-235 7611. FRENCH INSTITUTE. 01-235 7611. LONDON CONTEMPORARY.

RACING

40-1 chance Halyudh on heavy ground means little in terms of a pointer to Epsom the West Hill colt could do more than win as he pleased. Furthermore, the style in which he quickened from the foot of the hill into the home straight gave a clear indication that he possesses that invaluable asset, a turn of foot.

Museum gallery completed

There is a lifesize model of a giant squid at the entrance and a special exhibition looks at the uses that have been made of marine shells.

TV Radio. 6.40 am Patterns of Inequality. 7.30 Maths-Lagrange's Theorem. 8.38 Schools. 10.45 You an

F.T. CROSSWORD PUZZLE No. 3970

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28

Me. 11.00-11.42 Schools. 12.45 News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.01 Schools. 3.15 Songs of Praise. 3.55 Play School. 4.20 Chuggers Plays. 4.40 Baggy Pants. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Paddington. 5.40 News. 5.53 Nationwide (London and South-east only). 6.20 Nationwide. 6.55 Ask the Family.

Wales—1.45-2.00 pm Fila Pala. 8.55-9.20 Wales Today. 8.57-9.20 Hoddli. 11.40 News and Weather for Wales.

Northern Ireland—5.53-5.55 pm Northern Ireland News. 5.53-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.53-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands West (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-west (Plymouth).

LONDON

9.30 am Schools. 12.00 Choriton and the Wheelies. 12.10 pm Pipkins. 12.30 The Cedar Tree.

RADIO 1

5.00 am News Summary. 5.53-6.00 am News. 6.00 am News. 6.00 am News. 6.00 am News. 6.00 am News.

RADIO 2

0.00 am News Summary. 5.02 David Allen (8). 7.32 Jerry Wogan (8). 10.03 Jimmy Young (8). 12.15 pm Woggoners' Walk. 12.30 Alan Oast. 6.02 Humphrey Lyttelton (5). 6.30 News. 6.52 Mr. and Mrs. G. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight. 12.00 News. 12.05-12.50 am You and the Night and the Music (5).

RADIO 3

8.25 am Weather. 7.00 News. 7.05 Overture (8). 8.00 News. 8.05 Concerts. 8.15 News. 8.20 News. 8.25 News. 8.30 News. 8.35 News. 8.40 News. 8.45 News. 8.50 News. 8.55 News. 9.00 News. 9.05 News. 9.10 News. 9.15 News. 9.20 News. 9.25 News. 9.30 News. 9.35 News. 9.40 News. 9.45 News. 9.50 News. 9.55 News. 10.00 News. 10.05 News. 10.10 News. 10.15 News. 10.20 News. 10.25 News. 10.30 News. 10.35 News. 10.40 News. 10.45 News. 10.50 News. 10.55 News. 11.00 News. 11.05 News. 11.10 News. 11.15 News. 11.20 News. 11.25 News. 11.30 News. 11.35 News. 11.40 News. 11.45 News. 11.50 News. 11.55 News. 12.00 News. 12.05 News. 12.10 News. 12.15 News. 12.20 News. 12.25 News. 12.30 News. 12.35 News. 12.40 News. 12.45 News. 12.50 News. 12.55 News. 1.00 News. 1.05 News. 1.10 News. 1.15 News. 1.20 News. 1.25 News. 1.30 News. 1.35 News. 1.40 News. 1.45 News. 1.50 News. 1.55 News. 2.00 News. 2.05 News. 2.10 News. 2.15 News. 2.20 News. 2.25 News. 2.30 News. 2.35 News. 2.40 News. 2.45 News. 2.50 News. 2.55 News. 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THE ARTS

Festival Hall

La Damnation de Faust

by MAX LOPPERT

The Orchestre de Paris paid a visit to the South Bank on Saturday evening to introduce to London, in a performance of the Legend dramatique conducted by Daniel Barenboim, its recently formed Choeur. If it was not the pithiest, most acutely perceptive Berlioz we have heard, it served none the less to lay out a feast of orchestral and choral delicacies. This is, of course, uniquely possible in Faust; yet dis- appointment attends the feast- ing surprisingly often. For the genius of the work is as elusive as it is bright-burning. An exact blend of timbre is needed to sound the intoxi- cating glittering surface of the score. Equally, the long unfold- ing line of a concert drama that is (in John Warlock's phrase) "a dramatisation of the soul's condition," has to be traced with that combination of nervous intensity and lyrical steadiness that is the climate in which all of Berlioz's greatest inventions have their soul.

French characteristics of forwardness, clarity, and sharp definition of tone, and given them polish and poise. It was a huge relief to be freed from unceasing delivery of the text that the big English choirs, whatever their other virtues, are apt to cause. A relief—and more than that, a delight to hear the words hound into the musical line. This is already a very special kind of choral sound, and if at moments it was unleashed with too much of a generosity—the chorus of peasants at the start was not at all distant or half-heard through the texture—the excess of spirit was forgivable.

Instrumental accents were no less exact. In full sonority or in solo line, the orchestra revealed its excellence more consistently than on recent London visits. Victor (Roger LeDonou) and Cor Anglais (Alain Denis) in "D'amour l'ardeur flame," both precise, passionate, and plangently beautiful of tone, provided some of the most intense pleasures of the evening. But pleasures such as these were discontinuous rather than linked; for Barenboim's con-

ducting of the work is still externalised — enthusiastic, energetic, and excitable, but insufficiently disciplined. The accelerando towards the end of the Hungarian March, and another, even more curious, in the middle of Marguerite's romance, were indicative of the conductor's general tendency to make effects without consider- ing their impact on the larger musical design.

The soloists were the least reliable element in the performance. Jules Bastin's ripely savoury declamation flashed up as a vivid picture of Mephistopheles, until his rusty tone and want of line sorely exposed in "Voici des roses," began to dull the vividness. Stuart Burrows, in firm voice, sang Faust as musically as ever, without leaving any impression of ardour or poetry. It was also one of those unnerving evenings when precise intona- tion deserted Yvonne Minton; in any case, Berlioz needs a sharper focus of tone than she commands. The Brander was inadequate. An uneven Faust, in sum, yet still a memorable one. Berlioz sounds such as the Paris forces made, come our way infrequently.

In this performance, the blend of timbres was gratify- ingly right. Barenboim and his English chorus-master Arthur Oldham have taken the typical

Wigmore Hall/Purcell Room

English piano music

by NICHOLAS KENYON

It was to be hoped that a year which marks the centenaries of John Ireland, Frank Bridge and Cyril Scott would produce a revival of early 20th-century English piano music; last week, two series of recitals exploring this unfashionable repertoire overlapped. On Wednesday at the Wigmore Hall, Peter Jacobs began a group of three programmes (which continue on June 2 and July 6); while in the Purcell Room on Friday, Richard Deering concluded his survey of the three centennar- ians' work.

To many, the pastoral miniaturism and elegant wanderings of piano music in the early years of the century are probably a dim, bappily forgotten memory. For those of us who did not encounter the music first time around, however, the present revival is timely—indeed, overdue. And each of these two pianists has been anxious to stress that (as Mr. Jacobs put it in his delightful notes) English music of this period was not always con- cerned with cows leaping over gates. The major work of Jacobs' recital was the huge

Sonata by Benjamin Dale (born six years after Bridge, Ireland and Scott): completed when the composer was 20, it is a very considerable work. A magnificently argued first move- ment, and a resourcefully ex- tended set of variations only peter out in an over-inflated rondo finale (rescued just be- fore the end by a fine return to the material of the second movement).

Jacobs' note did not reveal the fact that the piece was first performed by Mark Hambourg, who treated the young Dale's work with a cavalier virtuosity, adding so much extra material and ornamental flourishes that Dale rushed from the hall in despair and returned the cheque Hambourg had given him for the music. Jacobs, on the other hand, was scrupulously faithful to the text, restrained to a fault—rather plain piano-players, but accumulating considerable power through the work and arguing its merits well.

Richard Deering also included a major work, the Sonata of Frank Bridge, which at half-an-hour is only slightly shorter than Dale's. This violently acerbic work of 1921-24 reveals

Bridge as one of the very few English composers who matched the post-first-war climate in his music; it touches the raw nerves and paints feelings others avoided. It catches something of the mood which, a decade later, those two great English symphonies of the inter-war years—Vaughan Williams' Fourth and Walton's First—were to thrust on a sceptical public.

Deering's brilliant facility at the keyboard was out, perhaps, sufficiently well thought-out to do justice to this masterpiece: too many of the climactic pages were vigorous, confident approximations to what was written (as they had been earlier, in John Ireland's evoca- tive picture of Guernsey, *Sardinia*). And it was perhaps tempting the judgement of posterity to set this final chronological programme of post-1921 English music alone- side the perfect conclusion of Webern's Op. 27 Variations. But both pianists have helped a worthwhile cause, and the rest of Mr. Jacobs' series will be well worth catching; he too will be playing the Bridge Sonata, on July 6.

Wembley Arena

Status Quo by ANTONY THORNCROFT

You could recognise the crowd well before you got to Wembley. But this time it was not by scarves or hats but by blue jeans, and it was Friday, not Saturday. By chance, the Status Quo, probably the first band to pick up its fans from the terraces, was putting on a Cup Final curtain-raiser and a massive denim army had assembled to stomp the band home.

The Quo has never been taken seriously by music critics but for anyone who sees rock as a mirror of the times they were one of the most innovative bands around. They strike a chord with the mass of dis- possessed males who just want to lose reality in a couple of hours of head shaking and boot stamping to the solid blues rhythms of Status Quo, amplified enough to make sensible

thought impossible. A Quo concert is an elusive, primitive, rite with the fans pushing aside security men to get close to the stage and slipping immediately into the ritual, shoulders crunched, hands often gripping an imaginary guitar.

The odd thing is that Status Quo has managed to keep its supporters loyal against fierce competition from the rougher, more aggressive new wave bands like Sham 69. Status Quo was formed in 1962 and although it only took to heavy music a decade ago (the sight of a quartet of thirty-pluses (with keyboards now added) going through the motions of years ago is getting antique, especially as there is little musical skill in the performance.

For an hour or so the attrac-

tion of the band was apparent. Their songs are short and simple; Francis Rossi, Rick Parfitt and Alan Lancaster have some good routines on stage, especially when they stand in line, heads lowered, and threaten to blast down Wembley; and the audience does more than its share, creating such a rumpus that the seats shake up yet like the dogdenns. Some very pretty lighting and discreet use of dry ice add to the spectacle. And the Status Quo is into a long number like *Be My Friend* and their lack of imagination and musicianship becomes apparent. Only John Coughlan on drums attempts a solo; the rest hide their inadequacies inside the wall of sound. Status Quo was different; one day the still committed fans may wonder whether memories are enough.

FOOTBALL BY TREVOR BAILEY

A Cup overflowing with excitement

AS PURE football the Cup final was not a classic, but in terms of entertainment and excitement it could hardly have been surpassed, with five goals, the genius of Brady and a climax which outdid Hitchcock at his best. This meeting between Arsenal and Manchester United gave me so much pleasure that I enjoyed seeing it again on television, and shall treasure the memory when most Cup finals have faded.

One thing is certain. Twenty years from now they will still be talking about how United, apparently resigned to defeat, rose from the floor to score

twice in the last few minutes. How, before the Manchester fans and players had time to savour the probability of victory in extra time, Brady glided deep into enemy territory, mocking attempts to dispossess him by the brilliance of his dribbling. He released the ball at exactly the right moment to Rick, racing down the left wing, and a perfect centre was pushed home by Sunderland.

Arsenal deserved to win, though they nearly threw it away by relaxing in the closing stages. But they were at their best on the day, whereas Manchester United were not.

The United back four were vulnerable to crosses from either flank and not only did the three goals originate in this fashion but, early in the second half, a left-wing centre found both Stapleton and Sunderland together and unmarked at the far post.

After firing bravely and successfully with a fluid four-two-four formation Manchester United have returned to what will become for a time the standard four-four-two line-up employed so well by Liverpool and Arsenal. On Saturday the United midfield quartet consisted of four goal-conscious players, creative rather than destructive, including two natural wingers. This meant that though the middle of the pitch was crowded the Arsenal halves were subjected to inter- ceptions rather than biting tackles.

Invisible Coppell

It might have paid to have included Brian Greenhoff, the substitute, with the task of shadowing the elusive Brady, who played a vital role in all three Arsenal goals. To make matters worse the usually bub- bling Coppell was invisible for

much of the time and Thomas was unable to centre with precision, while McIlroy allowed himself to be upset by several clashes with the hard, awkward but wholehearted Talbot.

Up front, Jordan won some high balls with his head with- out ever suggesting he would beat Jennings, while Jimmy Greenhoff, apart from one splendid shot on the turn, made little impression on an Arsenal rearguard whose discipline and enthusiasm, until the closing minutes, camouflaged a shortage of class.

The enthusiasm was typified by the Gunners' captain, Rice, who found the strength late in the game to race down the right wing to make the extra man. His cross would surely have produced a goal if a Manchester back had not reached the ball a fraction before Sunderland, who was, as usual, in the right place at the right time.

Leading the Arsenal line, Stapleton was very mobile and always seeking to effect another opening in a different area. Although it was Brady who supplied most of the magic moments, he was splendidly supported by the tireless Talbot, Rix, who has so often been

below his best this season, also had a fine match. The Terry Neill and Don Howe partnership has fashioned Arsenal into a good side who could well win the European Cup Winners' Cup next season, but they are probably at least three players short of being a great team like Liverpool.

Brady's contract

Apart from making up for last year, something that must have given Arsenal immense satisfaction was that no fewer than eight of the 12 at Wembley were either former apprentices, or had joined Arsenal as their first professional club. Many are young, including Liam Brady, and likely to improve. Of course, Brady might be tempted to leave when his contract expires at the end of next season.

TENNIS BY JOHN BARRETT IN TOKYO

Japan aims to attract the young

THE JAPANESE are now treating tennis with the same enthusiasm they have given to their industry.

Ten years ago, there were about 400,000 players. Five years later, it reached 700,000, and now 1.5m play regularly.

During the same ten-year period, the number of courts has risen from 25,000 to about 40,000, and are increasing at the rate of 1,000 to 1,200 per year. The tennis ball market has also doubled in size.

Although these figures are impressive they hide some disturbing facts for lawn tennis, among the young, is struggling. The vast majority of new players are housewives, who attend some 3,000 privately-run "schools" of which 10 per cent are in retail stores for tennis is becoming a status symbol similar to golf.

Association for nowhere else in the world does the game find it so difficult to attract beginners because of a com- peting game which it so strongly resembles.

In an attempt to encourage young players to take up the game the Japan LTA promoted last week's JAL Cup, the first international junior tournament held in the country and the reason for my visit.

The LTA rightly realised that the best way of attracting the young to the sport would be to present a show window which emphasised the oppor- tunities open to today's best youngsters. To have persuaded the national airline to become the chief sponsor was itself a triumph, and then to have arranged TV coverage of the finals by ABC, Tokyo's Channel 10, was another masterstroke.

In addition, the JAL Cup has been included in the 1979 Pepsi-Cola Junior International Series, a points-linked circuit of the world's 12 major junior championships, leading to a Masters-like play-off at the end of the season. It also counts towards the International Tennis Federation's junior world-champion award.

Australia, sent players to support the venture. But it was no surprise that all the titles were won by overseas players.

Two Australians fought out the boys' final. Gregg White- cross, who was 18 last March, beat Craig Miller, who is 11 months younger, 6-4, 7-6.

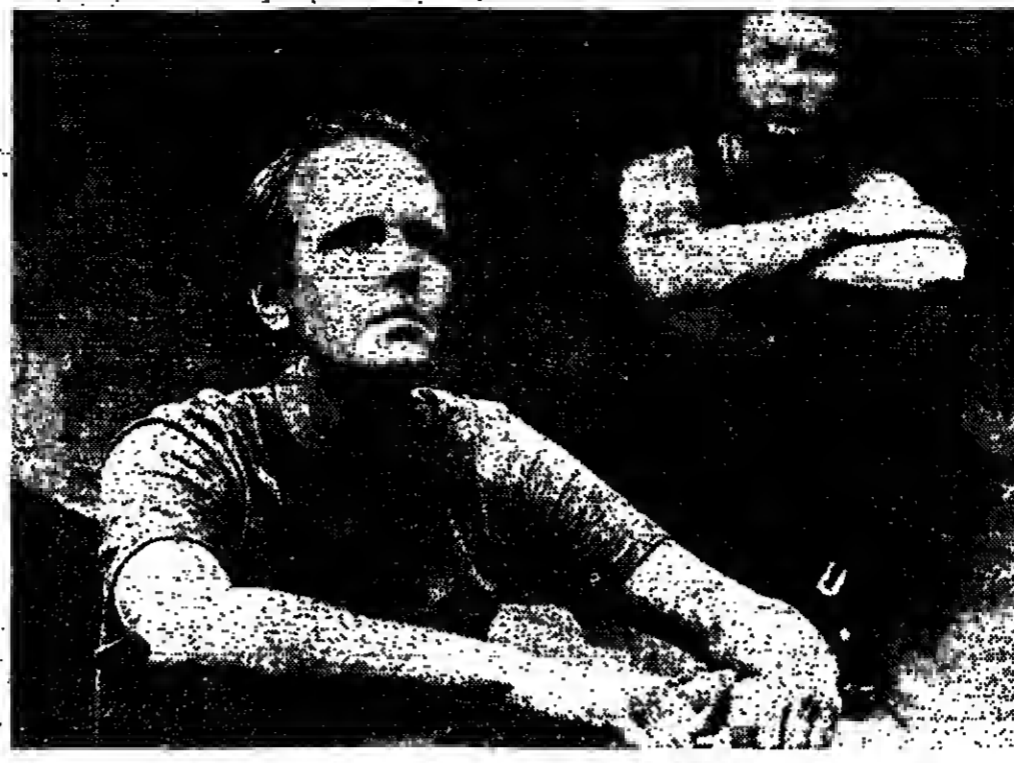
But most interesting of the boys was Jimmy Arias, a small 14-year-old. He is already some- thing of a legend in America, where he was the national under-12 champion at the age of 10 and the under-14 champion two years later.

Arias is currently ranked eighth in the under-16s and on Thursday came close to beating Whitecross, to whom he was giving away four years—as an enormous difference at that age. After losing the first six games to a boy much larger and stronger, he took the second set and led 3-1 in the decider before going down 6-0, 5-7, 6-4.

Covent Garden

Ashton ballets

by CLEMENT CRISP



Michael Moriarty as the G.I. in G.R. Point

New York Theatre

Vietnam on Broadway

by FRANK LIPSIOUS

When *Coming Home* and *The Deer Hunter* won the major Academy Awards this year, knowledgeable opinion—at least at the two award-watching parties I went to—claimed that Hollywood's conscience had been salvaged enough to cover the last 10 years—and the next 25. The conscience of Broad- way has not, excepting David Rabe's work, been overly con- cerned with the Vietnamese War, either. Now, a good five years after its end, two plays about it have reached New York.

One of them, *G.R. Point*, is not a new play. It won awards in 1977 and 1978 for its author, David Berry, whose first play it is. Its realistic depiction of war centres on a desolate, out- post where soldiers' corpses are collected for transmittal to the United States. There are scenes of fighting, particularly at the climax of the first act, where the play's hero has his first taste of killing. But for the most part the play watches Michael Moriarty, as the well- educated and withdrawn hero Mike, adapting to a cruder and more emotion-filled existence than he is used to.

Mike gets along best with Zan, a soldier with a similar background whose longer ser- vice allows him to probe Mike's moods and advise him along the route to full accom- modation to war. The others in the platoon represent the more familiar variety of soldier—the poor blacks and Hispanics who could not escape military service. To a man, they are tough and jargon-ridden, un- sympathetic until battle experi- ence and a few strands of common interest give a patina of community to the group.

The scenes of social conflict, which unfortunately absorb a large part of the play, express little more than platitudes from stereotyped characters. They show the lower classes as what psychologists would call primary process thinkers, having loud and half-formed opinions about everything. Mike is the opposite, uncommunicative and, with grating consistency, un- able to talk except to apologise for wanting to say nothing. Director William Devane seems to have decided to keep his hero from being sullied by social contact—or even a smile—until his dramatic return from his first battle. Here, the play's best scene exposes a man's re- sponse to his first taste of death, in which he is the killer. The character's horror has two elements: seeing the corpses of those he killed and his excite- ment, an involuntary sexual stimulation that horrifies him.

Much of the abiding interest in watching the play comes from the set, an excellent moon- scape effect produced by Peter

Larkin out of volcanic-looking plastic foam. It sits on a large disc tilted away from the audi- ence, so the characters can clamber up and down on it. The battle scene leaves the audience in shock, primed for Mike's crazed return from his killings.

With that crisis out of the way, the second act shows the hero somewhat more socialised. The stereotypes resume but Mike participates in the conver- sations, awaiting other crises (including Van's predictable death) and Mike's final return home.

The generation that fought the Vietnam war has thus far made rock 'n roll music its unique contribution to our cul- ture. It is then perhaps inevit- able that we have a rock 'n roll musical about Vietnam, and since social concerns have become her "bag" Elizabeth Swados must have felt an obligation to be the instrument of that fate.

An accomplished and talented composer, she has found in war correspondent Michael Herr's account of the war, *Despatches*, enough evocative scenes and sayings to turn into a wide assortment of songs and moods of the war. As usual, the Public Theatre serves her well, giving a maximum range to what is essentially a string of songs on the theme of Vietnam. Miss Swados also directed the produc- tion's 11 talented actors and actresses in makeshift scenes that usually end up as a singer surrounded by a chorus.

Ideals like "Going crazy is built into the war" are graphically and melodically reproduced. Certain actions, like the revving of a helicopter done with swirling bandanas on stage, work well. Others, like self-immolation with sparkling glitter, mock what is meant to be taken seriously. Rodney Hudson and William Parry, the highest and oldest members of the company, give it a strong and unifying leadership. The generation might have played rock 'n roll in the trenches, but the music did not reflect their circumstances. It is hard to envisage how it could.

Stage hands are all over the place, but they appear less and less obtrusive as they glide across the stage to envelop the principals in a new environ- ment. As usual with the Public Theatre, the conception is original and the result, here transforming a film to the confines of the stage, is daring and on the whole successful.

Mel Brooks wrote a musical comedy about Hitler which he brilliantly included in his film. The Producers, as an impossible Broadway show that miraculously becomes a smash. The producers of *The Grand Tour* must have expected the same kind of miracle in turning Franz Werfel's play, *Jacobowsky and the Colonel*, into a musical. Joey Grey looks appropriately pathetic and spunky as the Jewish refugee who helps out an anti-Semitic officer of the Polish government in exile during the Second World War. When he then becomes the romantic lead and hero, the veneer of credibility wears thin. The music and lyrics by Jerry Herman are rarely memorable; when they are, it is for the wrong reason, as in the lines, "She treats him like a pup— I think I am going to throw up."

In *Spokesman*, subtitled, "A Play with Songs," Stewart Parker has written affection- ately about two clearly favourite subjects—bicycles and Ireland. They come together in a small Belfast town of Frank, the bicycle mechanic who falls in love with one of his customers. First performed at the Dublin Theatre Festival several years ago, the play provides an ample showcase for its cast, here admirably led by John Lithgow as Frank, Virginia Vestoff as the young lady, and Joseph Maher as a jack of all trades. The production, written at times, though 80 years' history is effortlessly interwoven with the personal histories of the participants and reflections on the troubles of Ireland today.

Quite a spate of musicals with wars in them, but the revival of the 1928 hit, *Whoopee!*, was conceived, written and delivered in the silly season. Charles Replogle does a fine job in the role of the marriage- shy hunchback who had made Eddie Cantor famous. He manages to suggest Cantor without seeming to imitate him, and for his vigorous exertions in Dan Siretti's demanding choreography he deserves credit that only a master like Bolet can hope to re-enact. He earns the title to it with his Chopin, whose four Ballades made up the first half of the recital. He began ruminatively, perhaps a little nervously, the pregnant introductory phrase of the First Ballade led to a sustained in- troductory that never quite

The programme of Ashton ballets at the end of last week brought a fine—because well- reasoned, well-understood— batch of new interpreters in two favourite works. Ashton's choreography, even when intimately involved with the bodies of its first casts, offers every possibility to those inter- preters. Maria's brilliant im- print on Lisa has not inhibited a host of successors, nor even Fonteyn's on some—though not all—her Ashton roles. So two new Titans were, in very different ways, happy arrivals in *The Dream*'s woodland setting. A certain poignancy about the performances, because of the news that Antonette, Sibley, lovely originator to this and other roles, will dance no more; but pleasure in seeing both Marguerite Porter on Thursday and Lesley Collier on Friday. For Porter the tale is one of temperament tamed: she invested the part with a delicate femininity, and some especially in the nocturne where she yielded ardently, and beau- tifully, to Oberon. With Collier, the joy is technical challenges met with a coloratura grace. I had, by chance, just heard the disc of the news that Antonette's fabulous Tetrazzini recording of the *Cavalleria* de Venise varia- tions; Collier's account of the lullaby had the same supreme accuracy and ease of utterance. On Thursday, the Oberon was also new: Wayne Eagling's sinuous unwinding of pirouettes, his darting response to allegro movement, made the schero most rewarding; the character-

isation throughout was regal, mysterious, right. Not new, but newly magnifi- cent, was Mark Silver's Oberon the next night. His schero graduation performance in this same role argued exceptional things for the future in this interpretation, with its elegant line and unforced command of the bravura writing, exceptional promise was realised.

The other major debut of the week's end was Sandra Conley's appearance as Natasya in *A Month in the Country*. Here the impress of Lynn Seymour's body, the fantasy of her temperament is strong, but Conley took the role and made it admirably her own. Poetic ports de bras and epaulement, a clear appreciation of the drama at every moment—hands unable to touch Vera when she avows her love for Belyayev; eyes gazing to where he has just left the room; a sudden flaring of emotion—were the signs of a reading, which was entirely rewarding, and excel- lent. From Gillian Kingsley's touching appearance as Vera; from Denise Nunn, Vera's creator, an appearance solely as a fairy in *The Dream*, but notable even in that for the delicate grace of her dancing and her prettily stretched feet. Included *Monotones*, also brought Tweedledum and Tweedledee (Graham Fletcher and Wayne Sleep, with Lesley Collier as Alice) merrily to the Opera House, while in *The Dream* and *Month*, Wayne Sleep performed prodigies of mercurial dancing.

Elizabeth Hall

Jorge Bolet

by DAVID MURRAY

There were some empty seats in the Elizabeth Hall on Thurs- day. Many an excellent piano recital is heard there, of course, but that was not a sufficient excuse; opportunities to hear Mr. Bolet are still rare, and treasure- able. In our day he is more less sui generis, a pianist with a strongly personal style and vir- tuosity of a refinement one ex- pects to hear only on old piano rolls.

In this recital as in others, Bolet's playing became ever more assured and resplendent as the evening wore on. His pro- gramme was crowned by his encores—a splendid quicksilver account of Mendelssohn's In- troduction and Rondo Capriccioso at the end suggested that he might have gone on happily for hours. The first encore was Chopin's *D-flat Nocturne*, bathed in cloudless radiance, following upon a group of Godowsky's har- our fantasies on Chopin études and waltzes as if to insist discreetly upon Bolet's loyalty to the original master. But the Godowsky pieces were amazing, with the extra whorls and tendrils curled lovingly around the music with extra- ordinary delicacy: until the epic Paraphrase on the op. 18 Waltz not an aggressive note was heard for Bolet's brilliance was wholly at the service of Godowsky's meta-music. Treated as mere technical display, as might be the insufferable Bolet's limitless range of trans- parent colour, it all took on a visionary cast.

Godowsky's "studies" are a celebration of the instrument and of its definitive composer that only a master like Bolet can hope to re-enact. He earns the title to it with his Chopin, whose four Ballades made up the first half of the recital. He began ruminatively, perhaps a little nervously, the pregnant introductory phrase of the First Ballade led to a sustained in- troductory that never quite

took flight. The suppressed anxieties of the Second were more lucidly brought out. There was little playfulness in the Third, which had a mature breadth and warmth instead (and more than a hint of resigna- tion). It was on the non-pareil Fourth that Bolet lavished his rich authority; the implicit question of the minor sense at each successive phrase, and the great dramatic junctures struck home powerfully. Everywhere the sound had the deep, shimmering perspective which Bolet somehow draws out of his piano. I do not think the instrument can be more beautifully used.

The Artist's Eye exhibition

The third annual "The Artist's Eye" exhibition opens at the National Gallery on June 20 and continues until August 19. It will be held in the Special Exhibition Room, and admission is free.

Each year a well-known artist is invited to make a personal selection of paintings from the Gallery's Collection, and to dis- play them side by side with one or two examples of his own work in an environment of his own design.

This year's "The Artist's Eye" belongs to the painter Howard Hodgkin, whose in- terest in Indian art has influ- enced his own paintings. Mr. Hodgkin has included in the display two of his abstract pic- tures, "Mr. and Mrs. E. J. E." (1972-73) and "Dinner at Smith Square" (1978-79). Tiepolo's ceiling painting "An Allegory with Venus and Time" will be displayed on the ceiling of the Exhibition Room, and looked at from below as origi- nally intended. Velázquez's land- scape "The Boar Hunt" will be seen without its usual frame and glass.

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# Labour in the 1980s

ANY conventional reckoning, it will be at least four years before there is another British general election. For the Labour Party, that means that it has a good two years in hand in which to resolve its internal problems, and another two in which to seek to establish a winning position.

The Party needs to ask itself two essential questions. The first is what went wrong over the past 15 years or so, and the second is how Labour can learn from the experience in order to do better in future.

**Growth**  
That things did go badly wrong are shown by the record. Labour came to power in 1964 with a small majority, but with a great deal of good will and idealistic support on which it was able to build in the general election of 1966. Yet even then the Labour Government was never quite able to deliver the goods. The then Mr. Harold Wilson claimed that Labour was better equipped to manage the economy of the 1970s than any other party. It is remembered for the recurrent economic crises. Mr. Wilson promised growth in order to pay for reforms, yet failed to produce it.

Labour returned to office in 1974 largely because the Tories had run into problems with the trades unions. Its claim to stay there was that it alone could conduct relations with the unions in a harmonious fashion. At least in terms of the national interest, such a claim looked dubious during the period of the first social contract when inflation rose to record levels in 1975. It looked even more so when the unions totally defied the Government's approach to the economy last winter.

# Managing the public sector

ONE OF THE legacies from the Labour Government for which Mrs. Margaret Thatcher and her colleagues should be grateful is the system of cash limits on public expenditure. Even before the new Government has made any move to carry out its promised attack on waste and byer-manning in the public sector, the impact of cash limits on staff levels has already become apparent. At the end of last week the management of Customs and Excise told its staff that because the Civil Service pay settlement was higher than forecast when the cash limits were fixed staff numbers would have to fall substantially in order to stay within the financial provision for 1979-80. As a first step there would be a general freeze on recruitment, coupled with the temporary blocking of vacant posts, until staff levels had been reduced by natural wastage to a level that we can afford.

**Excess cost**  
The application of cash limits this way is designed to ensure that expenditure stays within the money limits already set. But the predictable anger of the Civil Service unions does give the new Government an opportunity to demonstrate a general approach to the problems of curbing the growth of the public sector. This is the first time since the full introduction of cash limits that the public sector pay assumptions have turned out to be too low. The Government will have to decide how much of the excess cost must be met from the existing cash allocation, but it assumes that Ministers will want to see the example of Customs and Excise followed by other departments; the trade-off between jobs and pay will then be made very clear.

One of the purposes of cash limits is to exert a strong discipline on departments, not just in the field of manpower, but in all other aspects of expenditure, and there is not much doubt that the discipline is effective. But the cash limits system is a blunt weapon and its effects are bound to be somewhat arbitrary. In particular, it is difficult to be certain whether a government department which has stayed within its limits has done so through greater efficiency in its use of manpower and other resources,

or by reducing the quality of the service. This in turn reflects the absence, in most parts of the public sector, of clear criteria on which the performance of a department can be assessed.

**Criteria**  
It is in this area — the structure, organisation and management of government departments — that the Government hopes Sir Derek Rayner will make a useful contribution. Joint managing director of Marks and Spencer and formerly head of the Defence Procurement Executive, Sir Derek will advise departments on ways of reducing waste and increasing management efficiency. To judge from his activities in the Ministry of Defence and from his past statements on the subject, he will be mainly concerned to instil a greater sense of personal accountability in the public sector. Instead of centralising responsibility in the hands of the Permanent Secretary, he is likely to encourage a greater degree of delegation, so that Civil Service managers down the line are given the authority, freedom and incentive to run their sections efficiently, at the same time sensible performance criteria will be developed in as many areas as possible.

**Tax burden**  
Given his part-time status and the likely resistance of the Civil Service culture to some of the changes he would like to introduce, it would be absurd to expect any spectacular savings to be achieved in the short term as a result of Sir Derek's persuasion and advice. The really big reductions in public expenditure, of the sort which would finance large reductions in the overall tax burden, can only come about through changes in policy. But whatever the Government of the day decides is the appropriate level of public spending in total, there will always be a need for strengthening the disciplines and incentives which encourage the managers of government departments to strive for cost reduction and value for money. Cash limits and management techniques borrowed from Marks and Spencer are not a substitute for changes in policy, but they are a necessary part of the continuing effort to keep the public sector under control.

# The continent of promise and persistent poverty

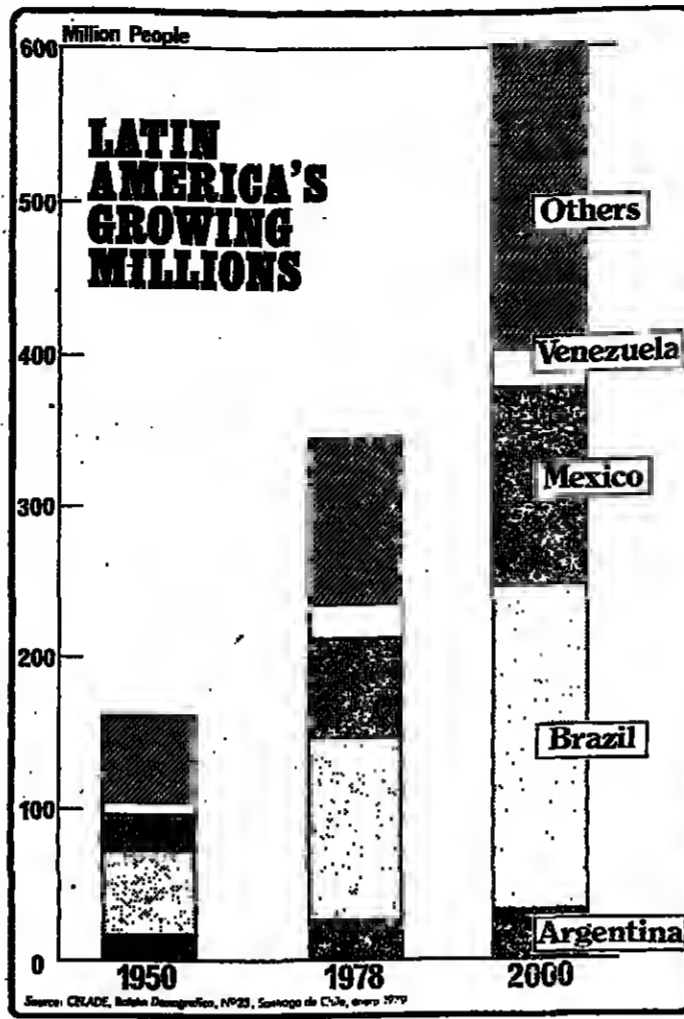
EVERY TWO years the fog of Right-wing and Left-wing rhetoric which swirls round Latin America disperses. At the biennial meetings of the UN Economic Commission for Latin America (ECLA) there emerges something approaching a true view of the state of development in the most advanced and perhaps most turbulent region of the developing world. So it was at the ECLA meeting in La Paz last month where the principal economic thinkers of the area gathered, often gasping for breath at 12,000 feet in Bolivia's principal city, to strike a balance of Latin America's achievements and failures during the past two years. The exercise was invaluable.

That is not to say that the week-long conference did not throw up some extravagant exercises in the verbal arts. At the inauguration the Guatemalan delegate, representing one of the most violently illiberal and socially retrogressive governments in the hemisphere, waxed eloquent about the urgent need for redistribution of income and social progress and the U.S. delegate, Mr. John A. Bushnell, in an extraordinary speech praised the Governments of Chile, Paraguay, Argentina and El Salvador by name, presumably oblivious of President Carter's views about their human rights records. The Cuban ambassador, in his discourse, mentioned Major Ernesto Che Guevara, the Vietnam war and 40 different pieces of statistical information about social conditions on his island, while the Chileans and the Bolivians — the hosts — bussed at each other over the result of the War of the Pacific of 1879, when Chile conquered Bolivia's maritime provinces. Nevertheless, the rhetorical heat was accompanied by some light.

In addition, Latin America had an increasingly skilled and educated workforce and a new generation of entrepreneurs, managers and technicians to propel private and public sector business forward.

Thirdly, according to Sr. Iglesias, there was an industrial base which produced, for example, 23.5m tons of steel last year — 80 per cent more than in 1970 — and which was increasingly able to provide the region with the machines it needed for its industrialisation. From 1950 to 1975 the metal working industries had pushed up production 1,000 per cent. Lastly, there was a domestic market the buying power of which last year was nearly equal to that of the USSR in 1960 and three times that of Japan in 1960.

But Sr. Iglesias pointed also to the fact that 40 per cent of Latin Americans were below the poverty line and 19 per cent were living in so-called "critical poverty". The fruits of the region's generally fast rates of growth had been so badly distributed that 40 per cent of the population who were poor in 1960 had been able, on average, to increase their income by only \$20 per head over the subsequent decade. Sr. Iglesias' warnings about the continuing prevalence of poverty were well heeded up



by others at the conference. Sr. Gabriel Valdes, the former Chilean Foreign Minister, now regional head of the UN Development Programme, warned: "Latin America has been considered the continent of the future. But in many aspects it could rapidly become a continent outdoors not only in its ideas but also in its economic, social and cultural structures and in its ecology because of the temptation to consume immediately goods not accessible to the great majority of its inhabitants, because of its dependence on outside forces and by its lack of adequate plans for its human resources."

**Problems of mass poverty**  
Dr. Raul Prebisch, the founder of ECLA and first head of UNCTAD, was even more pointed in his accusations against modern-day Latin American society. The Grand Old Man of the meeting accused his compatriots of wasting the development resources that they had by apeing the consumption patterns of developed countries.

If mass poverty and the great social strains that its existence engendered were to be wiped out, he said, then the "frenzied imitation" of the developed

SHARE OF THE WORLD'S MINERAL WEALTH

Latin American Reserves of Principal Minerals (m. tonnes)	Share of World Reserves (%)	Annual Production (1977, m. tonnes)	Expected Life of Reserves (Years)
Bauxite	4,360,000	26.0	22,082
Copper	150,000	33.0	1,494
Tin	1,587	16.0	46
Iron	19,800,000	20.0	87,324
Nickel	5,500	9.0	67
Lead	12,000	7.0	440
Zinc	14,000	9.0	356



Dr. Raul Prebisch — resources being wasted

countries by Latin American societies would have to be stopped. "The development of a privileged consumer society," he said, "is incompatible, absolutely irreconcilable with the social integration of the lower strata of the social structure."

Srs. Iglesias, Valdes and Prebisch were applauded with diplomatic warmth. For most delegations, not to have applauded would have been tantamount to voting against truth, goodness and motherhood. But most delegates' attentions were on other matters.

listeners' attentions on the long term, most of the latter were planning hard in the short term. The Latin American delegations were very conscious that they could not demand from the developed countries represented in La Paz any less than the Group of 77 developing nations were about to demand from the whole of the developed world at the Fifth UNCTAD. Equally, the developed countries were not disposed to make any concessions to the Latins in La Paz that they might have to make to the Group of 77 in Manila.

The majority of Latin American countries were also conscious of the need to grasp the nettle of their own growing diversity and disunity before the industrialised countries turned it to their own advantage. It has become increasingly obvious in the 1970s that the fast growth rates enjoyed by some Latin American countries, particularly Brazil, have put them in a different class — economically though not politically — from the poorest countries such as Haiti or Honduras. And while the richer Latin American nations have been tempted to do their own bilateral deals with the developed countries, the smaller countries have been increasingly anxious that the advantages to be obtained from membership of a large negotiating bloc such as Latin America were being whittled away.

## Demands for concessions

Meanwhile, the poorer countries have been demanding their own specially favourable treatment within the bloc. The demands for concessions were heard in La Paz from Bolivia, which proposed a new international economic order within Latin America, and from the Central America states, short of oil, which wanted an Organisation for Poor Petroleum Importing Countries. Looking towards Manila, the Latins mounted a verbal barrage against the economic policies of the developed world. It rained in its targets from what the Latins saw as moves towards unjustifiable protectionism by the developed countries, through the EEC's Common Agricul-

tural Policy, to the slowness of the International Monetary Fund to meet the needs of the developing world. The barrage, launched in a series of reports and resolutions and masterminded by Mexico, Venezuela and Cuba, was at one point so intense that it led one observer to remark that "the Latin countries are attacking the developed world with the only weapons they've got — words."

## A sense of perspective

In the end it was left to Dr. Piet-Hein Houben, the leader of the Netherlands delegation, to display European common sense in a speech which, cut through the posturings of both sides. Dr. Houben welcomed the idea of reforms to the world's financial and trading institutions, the dismantling of tariff barriers, the stabilisation of commodity prices, and the restructuring of the obsolete industries of the developed world. At the same time, Dr. Houben demanded a much greater effort on the part of developing countries' governments to redistribute income and alleviate poverty effectively.

"While the citizens of the developing countries," he declared, "have the right to ask the inhabitants of the developed countries to help meet unmet needs and correct inequalities between rich and poor, so for their part — as taxpayers of the rich countries — they should go to bettering the standard of living of the poorest and to assuring a more equitable distribution of national wealth." The Dutch speech well reflected the anxieties of Latin America's own economic strategists about the continuing social problems in their region while at the same time pointing out that the developed countries cannot be expected to assist those poorer countries which are not trying themselves to tackle their own problems of development.

# MEN AND MATTERS

## Whiff of Chirac in the City

It will become clear tomorrow night that Sir Peter Vanneck, last year's Lord Mayor of London, has got rather more than he bargained for in launching the "Paris Lecture". The inaugural lecture will be given at the City University by Professor Pierre Pascal, an economist; but its political content may well cause a certain frisson in Vanneck — a keen Francophile who is standing as a Tory candidate in the impending Euro-elections.

The annual lecture was Vanneck's inspiration when he visited Paris last year — the first Lord Mayor to do so while in office since the French Revolution. It would serve to commemorate the historic event — a sentiment in which his Parisian counterpart warmly concurred.

The Mayor of Paris is, of course, none other than Jacques Chirac, president of the Gaullist (RPR) party. In selecting Pascal to deliver the lecture, Chirac has made sure that the audience will be enlightened upon the Gaullist view of European economic matters. Pascal and Chirac are friends, and the professor calls himself an "ardent Gaullist" and "a collaborator in the economic thinking of the RPR." Officials in the Paris administration last week seemed in total ignorance about the London lecture — a sign perhaps that the choice of speaker has been far more political and personal than mayoral.



Chirac has designs on the French presidency if he succeeds, Pascal will doubtless emerge at speed from his present obscurity to become a power in French financial affairs. Pascal says cheerfully: "I don't expect my lecture to be badly received in Britain." But it may well contain a more critical tone about the future of the Common Market than Sir Peter Vanneck could have expected.

## World class?

Relations between the two leaders won most publicity during Chancellor Helmut Schmidt's visit to London to meet Mrs. Thatcher and her Ministers. But members of the German team were looking particularly closely at Britain's new representative on the international Finance Ministers' circuit. Whatever the occasional differences on matters of policy, Bonn got on well with Denis Healey, who speaks good German. The German Finance Ministry officials spoke highly of his spell as chairman of the International Monetary Fund's

## Sad steel

With its last cast, the loss making British Steel Corporation plant at Bilston will make money. This will be given to charities nominated by the management and 2,300 workers — many of whom were made redundant when the 210-year-old works shut at the start of this month.

Some of the steel from the last cast is being made into specially stamped souvenirs. These will sell, in terms of weight, at about five times the normal market price. Requests for the mementoes have come in from all over Britain — both from companies who dealt with Bilston and men who once worked there. All the earnings from Bilston's last cast will go to the charities selected. General manager Stan Bull, who was with the plant for 40 years, forecasts that many of the souvenirs will be bought by the redundant steelmen. "We are expecting a very generous response from them. Last year they raised £1,500 for charity."

## Tunnel Vision

Seventy years on, the laboured products of Hitler's efforts to win fame and fortune as an artist are fetching substantial sums. With that sincerity which is their hallmark, art dealers talk of him as a "cometent draughtsman," and even the printed postcards he produced as a youthful down-and-out in Vienna sell for £800 in the London market. (Hitler never profited himself from this

## enterprise: his partner, a fellow down-and-out, absconded with the proceeds.)

The latest Hitler art work to come to light is a 1908 oil painting on cardboard described as showing "a man and a railway tunnel," which an Australian seaman claimed he was given in the Far East as settlement for a gambling debt. Perhaps more interesting than the painting is a letter pasted on the back addressed to Hitler's admirer Unity Mitford, to whom the picture was apparently presented by Rudolf Hess in 1938.

"Man with Tunnel" changed hands in Sydney last week for £2,000. It was bought, I learn, by London wheel-dealer Bob Hopkins, who bid by telegram. "It was a hazzard," he tells me. "Here it would have gone for five times that much." One reason for the premium on Hitleriana, he says, is the collection amassed by the Marquis of Bath, who cleaned up what is probably the bulk of Hitler's painting after the war. (They were very cheap — Jewish dealers understandably refused to have anything to do with them.)

## Scarcely gallant

A new standard of incentive is displayed in the first comment from the Addis Ababa radio on the victory of "the notorious Conservative Party" in Britain. It described Mrs. Thatcher as "the so-called first woman premier in British history." The burden of the Ethiopian attack was on Tory attitudes in Rhodesia. "We need to warn Margaret Thatcher that the must mind her own business."

# 'Perhaps the bravest man I ever knew...'



## and now, he cannot bear to turn a corner

SIX-FOOT-FOUR SERGEANT "TINY" G... DCM, was perhaps the bravest man his Colonel ever knew.

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These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help us with a donation, and with a legacy too, perhaps. The debt is owed by all of us.

"They've given more than they could — please give as much as you can."

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FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD

THE ASSOCIATION OF INTERNATIONAL BOND DEALERS

At 30th APRIL, 1979

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues.

These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 450 institutions from about 27 countries.

Eurobonds in April

BY FRANCIS GHILES

The hard facts of life caught up with the international bond markets towards the end of April and fears of rising U.S. interest rates and of a further increase in the rate of inflation as a result of higher oil prices resulted in what some dealers called a "buyers strike."

The high yields available on a range of new issues failed to attract investor interest and

many fell to a discount in early secondary-market trading.

Monitoring the arguments between various senior members of the U.S. Administration became a major past-time in the middle of last month fears of an imminent rise in U.S. interest rates had been laid to rest as the Federal Reserve's open market committee decided to forego the chance of pushing interest rates up. Two weeks

later, however, Federal Reserve Board chairman, William Miller, said it would take several years to get inflation under control in the U.S. With warnings of a growing shortage of oil coming from leading oil companies and the negative long-term effects this would have on rates of inflation, the scene was set for sharp falls in secondary market prices of U.S. dollar bonds.

The month of April began well enough; despite fears of rising interest rates, the relative scarcity of new dollar paper of offer helped push prices up in the secondary market. Borrowers were prepared to offer realistic yields. However, it was becoming clear before the middle of April that a flood of new paper could not be absorbed, all the more if some issues were offered with very tight terms: by the end of April not only had the amount of paper on offer increased compared with the earlier part of the month, but economic news was bad. The market did continue to behave as if nothing happened despite the negative reaction in the U.S. bond market. Finally investors stopped buying and prices began to fall.

The issue for Manufacturers Hanover Capital Corporation was the other interesting feature of the new issue market during the past month. It offered \$100m in the form of a floating rate note for 15 years. The borrower will pay a coupon of 4 per cent above the three-month Libor for the first seven years rising to 4 per cent for the remainder of the life of the notes. These will be convertible on every interest payment date starting immediately into 8 per cent fixed interest-guaranteed debentures of Manufacturers Hanover Corporation. Concurrent with this Eurobond offering Manufacturers Hanover Corporation is arranging a 30-year issue in the U.S. domestic market. The syndicate arranging this issue includes Blyth Eastmann Dillon for the first time, whose idea this bond issue was.

For the investor, because he is at the mercy of any steepening of the yield curve resulting from a drop in short-term interest rates his situation is more difficult to assess. He could find himself holding a 9 per cent in an environment where interest rates on other issues are higher. On the other hand the fixed rate is only half as far below current long rates as that offered by Manufacturers Hanover.

search for a good return on their money.

Coupons have been rising throughout the months and those issues, such as the DM100m for Barclays which were too tightly priced, suffered badly in the secondary market. Japanese convertibles which crowded into this sector of the market last year have now become a rarity. There are few signs today of any quick revival in the fortunes of this sector.

Whatever the difficulties both the U.S. dollar and the DM sector faced they accounted for 90 per cent of all new issues in the first quarter of this year: the alternatives simply do not exist.

Other sectors of the market such as the Kuwaiti Dinar and French franc one performed well with no major hurdles to cross. The Swiss franc sector reopened but is not expected to accommodate any large volume of new issues. So, as before, all eyes will be following U.S. interest rate trends, U.S. monetary policy and oil prices. These will dictate, as much as anything else, what happens in the bond markets.

CONTENTS

Table with 3 columns: GROUP HEADINGS, PAGE, and GROUP HEADINGS. Lists various bond categories like US Dollars, Euro Units, and Convertibles with corresponding page numbers.

There are no signs today of a quick recovery as it is difficult to see how borrowers are going to come to accept easily the higher yields which will be needed if investor interest is to be attracted. Last month produced a novelty, the drop lock floater.

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1. Immediate quotes on a very extensive range of issues—complemented monthly by a widely distributed price list containing

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Table with columns: COUNTRY, INSTRUMENT, PRICE, YIELD, AMOUNT, MATURITY, and other financial metrics. Includes sub-sections for US DOLLARS-AMERICA and US DOLLARS-CANADA.

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Large table of financial data, likely bond yields and prices, organized into columns and rows. Includes various market indicators and specific security details.

Advertisement for Wessanen products. Features the headline 'Il faut manger Essen muss sein Food is a must' and 'Gezeten moet er worden'. Includes an image of a Wessanen product and the slogan 'Wessanen looking ahead'. Text describes Wessanen as manufacturers of cocoa products, oils, and animal feeds.

Advertisement for Austrian Eurobonds. Title: 'Austrian Quotes Quotations and Yields of Austrian Eurobonds'. Contains a detailed table with columns for 'ISSUE', 'COUPON DATES', 'REPAYMENT', 'PRICE', 'CURRENT YIELD', and 'CURRENT YIELD TO MATURITY'. Lists various D-MARK BONDS, U.S. BONDS, and AUSTRIA SCHILLING BONDS.

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Table with columns: SYMBOL, COMPANY NAME, PRICE, PERCENTAGE CHANGE, and other financial data. Includes sub-sections like 'IN FOREIGN-BORN STOCKS (CONTINUED)' and 'IN FOREIGN-BORN STOCKS'.

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Main table containing financial data for various companies and sectors, including columns for company names, shares, and prices.

Continuation of the main table, listing additional companies and their financial details.

Main financial data table with columns for country, currency, and various financial metrics. Includes sub-sections like 'TREASURY DEPARTMENT', 'EXTERNAL DEBT', and 'INTERNAL DEBT'.

Bankers Trust International Limited advertisement. Features the company logo, 'Market Makers in Floating Rate Note Issues', and a detailed list of interest rates for various banks and currencies.

Handwritten signature or mark at the bottom center of the page.

Main table of WestLB Euro-Deutschmarkbond Quotations and Yields. Columns include Issue, Middle Price, Current Yield, Life, Yield to Maturity, and Repayment details. The table lists numerous bonds from various countries and issuers.

WestLB logo and contact information for Düsseldorf, London, and Luxembourg branches. Includes phone numbers and addresses for Westdeutsche Landesbank Girozentrale.

WestLB Euro-Deutschmarkbond Yield Index

April 30th, 1979: 6.85% (March 30th, 1979: 6.72%)

Table showing the WestLB Euro-Deutschmarkbond Yield Index for various countries and maturities, including Germany, France, Italy, and others.

WestLB SD Certificates (Schuldschein-Index)

Table showing WestLB SD Certificates (Schuldschein-Index) for 4 years maturity (7.25%) and 5 years maturity (7.40%).

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## JAPANESE DOLLAR DEPOSITORY RECEIPTS

	Close at 4/5/79	Close at 4/5/79	Close at 4/5/79
Honda	\$26	Makita \$30½	Sony \$9½
Ito Yokado	\$63½	Murata \$4.10	Taisho Marine \$97½
Jusco	\$41½	Nippon Meat	TDK \$8½
Komatsu	packers \$2.53	Tokyo Sanyo	\$1.98
Forklift	\$2.77	Pioneer \$21	Trio \$27½
Kubota	\$24½	Renown \$2.74	Wacoal \$22½

## INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios  
Quotations & Yields as at 30th April, 1979

### SOCIETE GENERALE De BANQUE BANQUE GENERALE Du LUXEMBOURG

Fund	Price	First Issue Price	Yield %	Div. Date
Rendinvest	LuxFr 833	LuxFr 1000	8.35	20/11/78
Capital Rendinvest	LuxFr 1388	LuxFr 1000	(Capitalisation)	
	1/5/78 High	3/4/79 Low	30/4/79 High	1/5/76 Low
Rendinvest	LuxFr 918	LuxFr 814	LuxFr 918	LuxFr 814
Capital Rendinvest	LuxFr 1423	LuxFr 1327	LuxFr 1423	LuxFr 1110

# AIBD

## THE ASSOCIATION OF INTERNATIONAL BOND DEALERS

### MARKET MAKERS

- REGION 1 - BELGIUM**
  - 110 Dewaay, Seblie, Servais Van Campenhout & Cie
  - 115 Kredietbank N.V.
- REGION 2 - FRANCE**
  - 230 Banque Arabe et Internationale d'Investissement (B.A.I.I.)
  - 235 Banque de l'Union Européenne
  - 235 Banque Louis-Dreyfus
  - 205 Banque Nationale de Paris
  - 210 Crédit Commercial de France Paris
  - 215 Crédit Lyonnais
  - 218 E. F. Hurton Services S.A.R.L.
  - 220 Interim-Banque
  - 270 Smith Barney Harris, Upham & Co. Inc.
- REGION 3 - GERMANY/AUSTRIA**
  - 309 Commerzbank AG
  - 305 Deutsche Bank AG
  - 306 Dresdner Bank AG
  - 307 Westdeutsche Landesbank Girozentrale
  - 309 Kreditanstalt Bankverein Girozentrale and Bank der österreichischen Sparkassen AG
- REGION 4 - ITALY**
  - 405 Banca Commerciale Italiana Milan
  - 407 Banca Ambrosiano S.p.A.
  - 408 Banco di Roma
  - 415 Credito Italiano
  - 420 Istituto Bancario Italiano
  - 425 Istituto Bancario San Paolo di Torino
  - 430 Monte dei Paschi di Siena
- REGION 5 - LUXEMBOURG**
  - 505 Banque Générale du Luxembourg S.A.
  - 510 Banque Internationale à Luxembourg S.A.
  - 540 Bayerische Landesbank International S.A.
  - 515 Dewaay Luxembourg S.A.
  - 520 Kredietbank S.A. Luxembourg Bourgeois
  - 530 Swiss Bank Corporation (Luxembourg)
- REGION 6 - NETHERLANDS**
  - 600 H. Albert de Bary & Co. N.V.
  - 601 Algemene Bank Nederland N.V.
  - 602 Amsterdam-Rotterdam Bank N.V.
  - 603 Bank Mees & Lange N.V.
  - 604 Barclays Bank & Co. N.V.
  - 611 Centrale Rabobank Utrecht
  - 612 Bank Van der Hoop, Offers N.V.
  - 605 Bank Morgan Labouchere N.V.
  - 610 F. van Lanschot
  - 606 Nederlandse Middenstandsbank N.V.
  - 607 Nederlandse Credietbank N.V.
  - 608 Piersen, Heiding & Piersen
  - 609 Slavenburg, Oyens & Van Eeghen N.V.
- REGION 7 - SCANDINAVIA**
  - 705 Bank of Helsinki Ltd. (Helsingfors Aktiebank)
  - 765 Berges Bank
  - 740 Den norske Creditbank
  - 750 Den Danske Bank of 1871 Aktieselskab
  - 710 R. Henriques Jr. Bank Aktieselskab
  - 715 Kansallis-Osake-Pankki
  - 720 Kjøbenhavn's Handelsbank
- REGION 8 - SWITZERLAND**
  - 745 Postipankki
  - 730 Privatbanken Aktieselskab
  - 735 Skandinaviska Enskilda Banken
  - 725 Union Bank of Finland (Nordiska Föreningsbanken AB)
- REGION 9 - UNITED KINGDOM**
  - 901 Akroyd & Smithers Limited
  - 902 Bank of America International Ltd.
  - 908 Bank Julius Baer International
  - 905 Bankers Trust International Limited
  - 910 Banque Française de Crédit International Ltd.
  - 907 Bondrade
  - 909 Chase Manhattan Ltd.
  - 906 Chemical Bank International Ltd.
  - 911 Citicorp International Bank Limited
  - 912 Continental Illinois Limited
  - 914 Credit Suisse First Boston Ltd.
  - 913 Daiwa Europe N.V.
  - 915 DeLac, Trading Company Limited
  - 920 Dillon, Read Overseas Corporation
  - 922 Dominion Securities Limited
  - 925 European Banking Company Ltd.
  - 930 First Chicago Limited
  - 931 Goldman Sachs International Corp.
  - 932 Hambros Bank Limited
  - 933 HSBC International Limited
  - 934 Hill Samuel & Co. Ltd.
  - 935 Kidder Peabody Securities Limited
  - 938 Loeb, Rhoades
  - 939 Kuhn Loeb Lehman Brothers Inc.
  - 956 Manufacturers Hanover Limited
  - 957 McLeod, Young, Weir International Limited
  - 940 Merrill Lynch, Pierce, Fenner & Smith (Brokers & Dealers) Ltd.
  - 941 Morgan Stanley International
  - 945 Nesbit, Thomson Limited
  - 942 The Nikko Securities Co. (Europe) Ltd.
  - 943 Nomura Europe N.V.
  - 946 Orion Bank Limited
  - 948 Ptnchin, Denny & Co.
  - 947 Salomon Brothers International Ltd.
  - 950 Samuel Montagu & Co. Ltd.
  - 955 Scandinavia Bank Limited
  - 960 Strass, Turbull & Co.
  - 962 Sumitomo Finance International
  - 964 Viekers, da Costa & Co. Ltd.
  - 965 S. W. Warburg & Co. Ltd.
  - 967 Wedd Darlacher Mordant Ltd.
  - 970 Westdeutsche Landesbank Girozentrale
  - 975 White Weld Securities
  - 977 M. S. Wein & Co. Inc.
  - 980 Wood Gundy Ltd.
  - 990 Yamachi International (Europe) Ltd.
- REGION 10 - UNITED STATES**
  - 10 Arnold and S. Bleichroeder, Inc.
  - 20 Drexel Burnham Lambert Inc.
  - 30 Kidder, Peabody & Co. Inc.
  - 32 Lehman Bros. Kuhn, Loeb Inc.
  - 33 Lazard Freres & Co.
  - 35 Merrill Lynch, Pierce Fenner & Smith Inc.
  - 60 Salomon Brothers
  - 80 Atlantic Capital Corporation
- REGION 11 - MIDDLE EAST**
  - 005 The Arab Co. for Trading Securities S.A.K.

ISIN	DESCRIPTION	PRICE	YIELD	TERM
32 2885	3285 100% 1/8	101.50	7.46	15.277-81 at 101.0
32 2886	3286 100% 1/8	103.00	7.50	20.11.74-82 at 102.0 to 102.5
32 2887	3287 100% 1/8	101.75	7.45	22.10.75-82 at 100.0
32 2888	3288 100% 1/8	101.75	7.48	29.10.75-81 at 100.5
32 2889	3289 100% 1/8	105.25	7.59	27.11.79-85 at 103.0 to 103.5
32 2890	3290 100% 1/8	105.00	7.64	20.2.81-86 at 101.5 to 104.0
32 2891	3291 100% 1/8	101.50	7.67	22.11.83-86 at 100.0
32 2892	3292 100% 1/8	101.25	7.69	15.9.82-86 at 100.0
32 2893	3293 100% 1/8	100.60	7.63	15.7.11.86 at 100.0
32 2894	3294 100% 1/8	101.00	7.66	7.11.86 at 100.0
32 2895	3295 100% 1/8	101.00	7.66	29.7.80-85 at 100.0
32 2896	3296 100% 1/8	101.75	7.59	10.5.82-87 at 100.0
32 2897	3297 100% 1/8	105.00	7.68	29.10.79-85 at 103.5
32 2898	3298 100% 1/8	101.50	7.63	4.10.82-86 at 100.0
32 2899	3299 100% 1/8	101.75	7.61	7.10.77-91 at 100.0
32 2900	3300 100% 1/8	100.50	7.63	1.9.83-87 at 100.0

# Creditanstalt - your partner in Austria for dealing in Austrian Schilling Bonds and International Bonds of Austrian issuers

Selected Austrian Schilling Bonds of Austrian issuers	Last Price	Yield to average life	Current Yield	Redemption (mandatory drawings by lot)
maturity up to 5 years				
8 % Österreich 1973/B/81	101,50	7,46	7,88	15.277-81 at 101,0
8 % Österreich 1973/III/B/82	103,00	7,50	7,77	20.11.74-82 at 102,0 to 102,5
8 1/2% Österreich 1974/II/B/82	101,75	7,45	8,35	22.10.75-82 at 100,0
8 1/2% Steyr-Daimler-Puch 1974/B/81	101,75	7,48	8,35	29.10.75-81 at 100,5

Selected US-\$ Bonds of Austrian issuers	Last Price	Yield to average life	Current Yield	Redemption (mandatory drawings by lot)
maturity over 5 years				
8 1/2% Österreich 1975/S/III/85	105,25	7,59	8,08	27.11.79-85 at 103,0 to 103,5
8 1/2% Österreich 1976/S/86	105,00	7,64	8,10	20.2.81-86 at 101,5 to 104,0
8 % Österreich 1976/S/III/B/86	101,50	7,67	7,88	22.11.83-86 at 100,0
8 % Österreich 1977/II/B/86	101,25	7,69	7,90	15.9.82-86 at 100,0
7 3/4% Österreich 1978/VI/C/86	100,60	7,63	7,70	7.11.86 at 100,0
8 % Arlberg Straßentunnel 1977/B/85	101,00	7,66	7,92	29.7.80-85 at 100,0
8 % Wien 1977/B/87	101,75	7,59	7,86	10.5.82-87 at 100,0
8 1/2% Energie 1975/III/B+S/85	105,00	7,68	8,10	29.10.79-85 at 103,5
8 % Energie 1977/S/B/86	101,50	7,63	7,88	4.10.82-86 at 100,0
8 % CA-BV 1976/III/A/81	101,75	7,61	7,86	7.10.77-91 at 100,0
7 3/4% Industrie 1978/II/B/87	100,50	7,63	7,71	1.9.83-87 at 100,0

Selected US-\$ Bonds of Austrian issuers

5 3/4% Alpine Montan 65/85	6 % Rep. of Austria 64/84
6 5/8% Austrian Electricity 66/86	6 3/4% Rep. of Austria 67/82
6 3/4% Austrian Electricity 67/82	8 3/4% Rep. of Austria 76/90
9 1/2% Österreichische Kontrollbank 74/79 in Austrian Schilling (traded in US-\$ only)	8 1/4% Tauernautobahn 77/87

Interest is payable without deduction for or on account of Austrian taxes.  
For current prices and further information please contact:  
For Austrian Schilling Bonds: Robert Jekl, Robert Wasinger  
(Telephone: 6622/1701 or 1707, Telex 74261-63)  
For International Bonds: Walter Vogl (Telephone: 6622/2222, Telex 76948)



### WestLB QUOTATIONS AND YIELDS

"Life" and "Maturity" appear in years and decimals of years and are in this context calculated as follows:  
- to final maturity in case of a sinking fund issue, whenever the quoted price is below 100  
- to average life in case of a sinking fund issue, whenever the quoted price is above 100  
- to average life in case of the bond issue provides for mandatory drawings by lot  
P Private Placement (the smallest denomination may be larger than the usual DM 1,000 of public issue)  
G Government Guarantee

This Advertisement appears as a matter of record only.  
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11th May, 1979

Can. \$50,000,000

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Société Générale de Banque S.A.  
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Abe Distel Investment Company  
A. E. Ames & Co. Ltd.  
Bank of America International Limited  
Banque Arabe et Internationale d'Investissement (B.A.I.I.)  
Banque Française de Commerce Extérieur  
Banque de Paris et des Pays-Bas  
Banque Paribas International Limited  
Bayerische Vereinsbank  
B.S.I. Unterwiesing Limited  
Citicorp International Group  
Crédit Commercial de France  
Den norske Creditbank  
Deutsche Girozentrale-Deutsche Kontowirtschaft  
Robert Fleming & Co. Limited  
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft  
Girozentrale Incorporated  
Hiscockbank N.W. (Overseas) Limited  
Kidder, Peabody International Limited  
Kewell International Investment Co. S.A.K.  
Manufacturers Hanover Limited  
Mitsui Bussan Kaisha Limited  
Nesbit, Thomson Limited  
Privatbanken Aktieselskab  
Salomon Brothers International  
Smith Barney, Harris Upham S.A.  
Sumitomo Finance International  
J. Vostahl & Co.

Algemeine Bank Nederland N.V.  
Amsterdam-Rotterdam Bank N.V.  
Banca Commerciale Italiana  
Bank Julius Baer International Limited  
Banque Internationale d'Investissement (B.A.I.I.)  
Banque de l'Indochine et de l'Extrême-Orient  
Banque de Paris et des Pays-Bas (Suisse) S.A.  
Baring Brothers & Co. Limited  
Job. Bernberg, Götter & Co.  
Boris Fry Limited  
Commerzbank Aktiengesellschaft  
Crédit Lyonnais  
Deutsche Bank A.G.  
Gefco International Limited  
Dunlop Securities Limited  
Domestic Securities Limited  
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Eurocombank S.p.A.  
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft  
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Hansaus Bank Limited  
Kansallis-Osake-Pankki  
Kreditbank N.V.  
Lévy, Scudler Inc.  
Merrill Lynch International & Co.  
Morgan Grenfell & Co. Limited  
Paribas Mackay Ross Limited  
N. M. Rothschild & Sons Limited  
Skandinaviska Enskilda Banken  
Société Générale  
Veritas Schweizerischer Kantonbank  
Westdeutsche Landesbank Girozentrale

Handwritten note: 27.11.1980







SAINT GOBAIN DISPOSES OF DAVUM Exit a loss-making steel stockholder

BY TERRY DODSWORTH IN PARIS

SAINT Gobain-Pont-a-Mousson, the diversified French conglomerate, took a further step yesterday in its loss-trimming programme, with the disposal of Davum, its steel stockholding subsidiary.

Davum has lost a total of FFf 198m (\$45m) over the last four years, of which some FFf 18.7m emerged last year on a turnover of a little over FFf 3bn.

SAINT Gobain took Davum on in a period when it was aiming to develop an international training arm on the model of the Japanese companies. The collapse of the steel industry, however, undermined the effort.

reorganisation measures. Last year the glassmaking to engineering group made net profits of FFf 450m (\$104.7m) compared with FFf 642m in 1977.

Growth year expected by Sandvik

By Victor Kayfetz in Stockholm

PROFITS growth of around a fifth at the pre-tax level is forecast for 1979 by Sandvik, the Swedish cemented carbide and steel company.

Iveco ahead of budget with modest profit

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IVECO, Europe's second-largest commercial vehicle manufacturing group, made a small profit after tax and depreciation in 1978, the incoming chairman Sr. Jacques Vandamme reports.

Previously the group, which is 80 per cent owned by Fiat of Italy, made a loss of 108 million in 1977, of which 60.8 per cent were absorbed by the domestic markets.

Sharp first half gains at Barlow Rand

By Jim Jones in Johannesburg

CONSOLIDATION of GEC South Africa and packaging major, Nampak, was the main factor behind a sales rise of 50 per cent for mining and industrial conglomerate, Barlow Rand, in the six months to March 31 1979.

CURRENCIES, MONEY and GOLD

Economic fears boost gold

BY COLIN MILLHAM

Market observers who have become used to increases in the price of gold coinciding with a fall in the value of the dollar, have seen something of a paradoxical situation building up recently.

Since gold touched a record \$254 on February 22, the dollar has tended to strengthen on the foreign exchange market. This has been accompanied by a generally quiet bullion market, with gold trading down to \$233 on April 17, but spending most of the time at around the \$240 level.

Other countries are suffering from similar problems however, particularly Japan. On April 17 the yen/dollar rate stood at Y217.25, but soared to Y225.80 on May 2, and has only been brought back by heavy support for the yen by the Japanese and U.S. authorities.

Doubts about the world economic picture in general, rather than just the U.S., may be proving a strong inducement to buy gold at present.

CURRENCY RATES

Table with columns: May 11, Bank rate, Special Drawing Rights, European Currency Unit, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: May 11, Day's spread, Close, One month, % Three months, % Six months, % One year.

OTHER MARKETS

Table with columns: May 11, 1, 2, 3, 4, Note Rates.

THE POUND SPOT AND FORWARD

Table with columns: May 11, Day's spread, Close, One month, % Three months, % Six months, % One year.

EXCHANGE CROSS RATES

Table with columns: May 11, Pound Sterling, U.S. Dollar, Deutschmark, etc.

LONDON MONEY RATES

Table with columns: May 11, Sterling Certificate of Deposit, Interbank, Local Authority deposits, etc.

MONEY RATES

Table with columns: NEW YORK, Prime Rate, Fed Funds, Treasury Bills, etc.

GERMANY

Table with columns: Discount Rate, Overnight Rate, Three months, Six months.

LOCAL AUTHORITY BOND TABLE

Table with columns: Authority, Annual interest, Life, etc.

FINANCE FOR INDUSTRY TERM DEPOSITS

Table with columns: Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

Table with columns: Company Name, Announcement Date, Dividend Date, Dividend Amount.

RECENT ISSUES

Table with columns: Issue Price, Dividend, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Dividend, etc.

RIGHTS OFFERS

Table with columns: Issue Price, Dividend, etc.

BASE LENDING RATES

Table with columns: Bank Name, Lending Rate.

Public Works Loan Board rates

Table with columns: Term, Rate.

Can. \$100,000 Province of Saskatchewan 10% Debentures

Advertisement for Canadian debentures, including details on interest, maturity, and participating banks.

Advertisement for Finance for Industry Term Deposits, detailing deposit terms and interest rates.

INSURANCE

Ready to read between the lines

THE QUEEN'S Speech tomorrow will disclose the Government's immediate legislative intentions and insurers, like everyone else, will do their best to read between the lines to discern both what effect the political masters at Westminster will have on the existing plans of government departments and the views of individual civil servants with whom the industry has to work.

During the past five years of Labour administration insurers have been concerned with negotiation between Britain and the other Common Market countries - negotiations in which the British side has been anxious to preserve, as far as possible, British law and practice and to keep Britain's world-wide insurance trading position intact.

With the government clearly more pro-European, only time will show how much more anxious those involved in negotiations in Brussels will be to compromise. Insurers and others can derive some satisfaction from the Prime Minister's assertion last Thursday that the other EEC members will not find Britain a soft touch.

APPOINTMENTS

Group chief for Negretti & Zambra

NEGRETTI AND ZAMBRA GROUP has appointed Mr. John Hope, formerly managing director of G.E.C. Medical Equipment as group managing director of Negretti and Zambra. The company says Mr. Hope's appointment reflects the increasing strengths of Negretti and Zambra's growth in advanced electronic and microprocessor based products.

Aluminium extrusion manufacturer, ANCOR EXTRUSIONS Cleator Moor, Cumbria, has appointed Mr. Bill Meredith, managing director, Mr. Ian Tubbs, sales director and Mr. John Mullis, production director.

After 46 years' service to the insurance industry, Mr. Peter Reid, underwriting manager of YORKSHIRE - GENERAL, the life company of General Accident, retires on May 31. Following Mr. Reid's retirement, Yorkshire-General announces a major reorganisation, effective from June 1. Mr. Jack Preat becomes life manager responsible for the whole administration of ordinary life business (including pensions and group business). Mr. Ray Startis is appointed chief underwriter. Mr. Joe Friend and Mr. Peter Napier become underwriters.

PREMIER FRIGLASE, the new Cement-Rotomex and Hepworth Ceramics joint venture company manufacturing sea water magnesia at Drogheda, Ireland, has appointed Mr. R. J. McHugh as marketing manager and Mr. Adrian Ryder as technical manager.

SENTRY MOTOR INSURANCE COMPANY has made Mr. Roy Hurley a director. He joined Sentry in July 1977 from the Cornhill Insurance Company.

Mr. C. T. Wyatt has been appointed deputy chairman of COSTAIN GROUP. Mr. Wyatt continues as Group Chief Executive, an appointment he has held since 1975.

Captain D. G. Hissle has been elected to the board of WIND ROSE SHIPS. The company was formed in September, 1977, to promote the reintroduction of the auxiliary sailing ship as an economic fleet unit.

On Thursday May 17 the NORTH ATLANTIC TREATY ORGANISATION'S multinational mine countermeasures squadron, the Standing Naval Force Channel, will receive a new command. The ceremony at Portsmouth Naval Base will be attended by a committee since establishment in 1975.

WORLD STOCK MARKETS

NEW YORK - DOW JONES

Table with columns for May 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, High, Low, and various market indices like Industrials, H'm's B'nds, Transport, Utilities, Trading vol, and Day's high.

Table with columns for May 4, Apr. 27, Apr. 30, Year ago (approx) and various market indices like Ind. div. yield % and Ind. P/E Ratio.

STANDARD AND POORS

Table with columns for May 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, High, Low, and various market indices like Industrials, Composite, Ind. div. yield %, Ind. P/E Ratio, and Lon Gov. Bond Yield.

EUROPE

Table with columns for May 11, Price, Div. Yield, and various European stock markets including Amsterdam, Brussels/Luxembourg, Spain, Copenhagen, Stockholm, Vienna, and Germany.

Table with columns for May 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, High, Low, and various international stock markets including Montreal, Toronto, Johannesburg, Australia, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, and Singapore.

FRIDAY'S ACTIVE STOCKS

Table with columns for Stock Name, Price, and various active stocks from London, Tokyo, and other markets.

WALL STREET

NEW YORK

Table with columns for 1979 High, Low, Stock, and May 11 price, listing various US stocks like Abbott Labs, Am International, Amgen, etc.

CANADA

Table with columns for 1979 High, Low, Stock, and May 11 price, listing various Canadian stocks like Alcan, Bell Canada, etc.

MILAN

Table with columns for May 11 Price, Div. Yield, and various Italian stocks like Agnelli, Eni, etc.

OSLO

Table with columns for May 11 Price, Div. Yield, and various Norwegian stocks like Aker, etc.

Notes and footnotes at the bottom of the page, including 'Notes: Overseas currencies quoted S premium, Belgian dividends are after withholding tax' and 'Tel Aviv' section.

INTERNATIONAL CAPITAL MARKETS

BY FRANCIS GHILES

A one-way street in straights

GLOOM pervaded all major sectors of the international bond markets last week as continuing fears of rising inflation and interest rates led to what many dealers referred to as an "investor's strike."

INTERBANK RATES

Eurocurrency rates ease from peaks

KEY EUROCURRENCY interest rates for interbank deposits in the main hard currencies — Deutsche Marks, Swiss francs and yen — have fallen back from their peak levels touched last month.

compon increased by a 1/2 per cent to 5 1/2 per cent it fell to 95-96 in its first day of trading last Thursday. On Friday it was being quoted at 93-94.

OPEC surplus boost

WASHINGTON — Mr. Anthony Solomon, U.S. Treasury Under-Secretary, said he expects OPEC members to show an aggregate current account surplus of \$25bn-\$30bn this year after about \$5bn last year.

BY OUR EUROMARKET STAFF

The flight from the dollar during 1978, particularly in commercial leading and lagging operations, is now estimated among European central banks to have totalled upwards of \$80bn.

CURRENT INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount, Maturity, Av. life, Coupon, Price, Lead manager, Offer yield. Includes U.S. Dollars, Canadian Dollars, Swiss Francs, French Francs, Yen, and Units of Account.

U.S. BONDS BY JOHN WYLES

An unexpected recovery

CONTRARY to some expectations bond prices climbed modestly in New York last week with the particularly hard hit government sector showing some recovery from the ravages of the last few weeks.

FT INTERNATIONAL BOND SERVICE

Large table containing U.S. Dollar, Yen, and Swiss Franc straight and convertible bonds, along with floating rate notes and other financial data.

10,000,000 Japanese Yen EUROFIMA SOCIÉTÉ EUROPÉENNE POUR LE FINANCEMENT DE MATÉRIEL FERROVIAIRE. 6 1/2% Japanese Yen Bonds of 1979, due April 15, 1986. Includes list of participating banks and agents.

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# FINANCIAL TIMES REPORT

Monday May 14 1979

## Bremen

The smallest of West Germany's federal states, Bremen has led the rest of the Federal Republic in several areas such as education, housing and social services. But accusations of over-spending are one of a number of factors that may make it difficult for the ruling Social Democrat government to stay in power after the elections later this year. ADRIAN DICKS reports.

### City state that works

BREMEN, THE smallest of the 11 West German federal states, made international headlines last year by playing host to the meeting of the heads of government of the Nine, which gave shape to the European Monetary System. This year, Bremen goes to the polls to make a fundamental political choice no less clear than that faced by the British electorate 10 days ago. Does it want another four years of pragmatic Social Democrat rule, flavoured with a little Left-wing rhetoric yet built around consensus—or does it feel restless and dissatisfied enough to opt for change?

styles itself) has trading links with the British Isles that go back centuries and are now stronger than ever before. Thus trade between Britain and the ports of Bremen and Bremerhaven doubled from DM 673m in 1970 to DM 1.4bn in 1978, when it made up two-thirds of Bremen's trade with the entire European Community, while trade with Britain by Bremen companies rose almost fivefold during the same period.

This month, Herr Dieter Tiedemann, Bremen's senator for economic affairs and trade, leads a mission to London and Birmingham with the aim of putting to British business leaders the city state's advantage as a centre for new industrial investment. As all this suggests, there is a long and friendly tradition of contact between the city state and the UK.

Yet there is also an analogy between the two in the basic political choices that face them as the 1980s approach. Bremen, like Britain, has to decide whether—or how far—a welfare state can go on growing and improving if the activities that ultimately foot the bill for it are passing through a difficult patch.

The long years of Social Democrat rule have given Bremen much to be proud of. It has a European record in new residential building, having

constructed no fewer than 225,000 new apartments between 1946 and the beginning of last year, two-thirds of them for council tenants, and this for a population of just over 700,000 for Bremen and Bremerhaven taken together.

In education, too, the city state can claim to be a pioneer, with 60 per cent of teenagers attending Gymnasium or Realschule—the rough equivalents of the British grammar school—before the introduction of the comprehensive-style Gesamtschule (in which Bremen was also ahead of the rest of the country). The proportion of pre-school age children attending free Kindergarten, at 60 per cent, is also a "first."

Bremen's approach to the problem of helping foreign workers adjust to German life has also shown a sensitivity not so far found elsewhere in the country, as, for example, in the Turkish language course now given to hospital nurses in order to help them deal with the immigrant women who now take up a quarter or more of the city's maternity beds.

The list could be extended to health, sports facilities and other social services. But what has been slower to gain acceptance has been the understanding that this imposing welfare state, so long a model for the rest of West Germany, needs to be paid for.

Critics of the SPD would say that this point is still not well enough appreciated, and that the party's instinct is to go on spending as if there were no tomorrow. Herr Egon Koschnick, Lord Mayor of Bremen since 1967, seems to have been concerned enough at the possibility of the SPD's losing the absolute majority it has held since 1971 to give up his post as a national party vice-chairman and to return full-time to the local scene. The relatively strong Free Democratic Party (FDP) in Bremen hopes to win enough votes to set a foot back into the door of coalition government, while the local Christian Democrats (CDU) are also hoping that disillusionment among Bremen's traditionally hard-core SPD electorate may be great enough to break Herr Koschnick's firm grip on office on October 7.

Both opposition parties have seized on two issues which they will doubtless go on plugging hard. First, the Bremen school reform, which has enraged a good many parents for reasons familiar enough to anyone who has lived through the comprehensive debate in Britain. There is talk of more parents seeking private schooling, and of a fight to the outer suburbs of the city, which lie in Lower Saxony (though this may have as much to do with differences in property prices as with

educational principles).

A second weak spot for the Bremen SPD Government is the city's state level of debt. At DM 8,000 or more per head of population, the opposition is making much of the claim that this is the highest of any federal state, and is warning that on present trends, new borrowings will by 1983 be only just sufficient to service existing debt. In fact, many other German cities have a higher per capita debt. If, as in the Bremen figure, the municipal debt and that of the state government are taken together,

There is much talk, too, of the increasing influence within the SPD of the Left-wing "intellectuals," of a younger generation than the SPD veterans who came up the trade union ladder. Not only the CDU and FDP, but many on the right of the SPD itself in national politics are deeply suspicious of this faction. The Left is held responsible for such episodes as the clumsy attempt at "worker control" at the Bremen Radio Authority. It is also accused of wishing to make the city state into a hotbed of reckless and costly social experimentation, to the detriment of personal freedom as well as of the business climate.

At the same time, Herr Koschnick himself is reproached with being too spineless a consensus politician, choosing to

make party unity his prime concern, even if this means the adoption of doctrinaire left-wing programmes, and reluctant to fight for the more moderate, social democratic policies which he is believed to favour personally. The last straw for the opposition, as for many Bremen businessmen, was the appointment of Herr Henning Scherf, the state SPD chairman and a leading figure on the Left, as senator in charge of finance—a move that his opponents saw as tantamount to putting the fox in charge of the chicken coop.

### Suggestions

Herr Scherf himself rejects such suggestions, and emphasises that all elements in the SPD are behind him in what is new a two-pronged approach to the city-state's financial problems—cutting administrative and staff costs on the one hand, and concentrating available funds where they are most needed.

The top priority, all parties can agree, is the strengthening of Bremen's economic structure. Here, Herr Scherf and Herr Tiedemann, the economics senator, both firmly stress the temporary nature of the SPD's plans to intervene in distressed industries. Yet it is hardly a matter of dispute that aid of some kind will be needed for

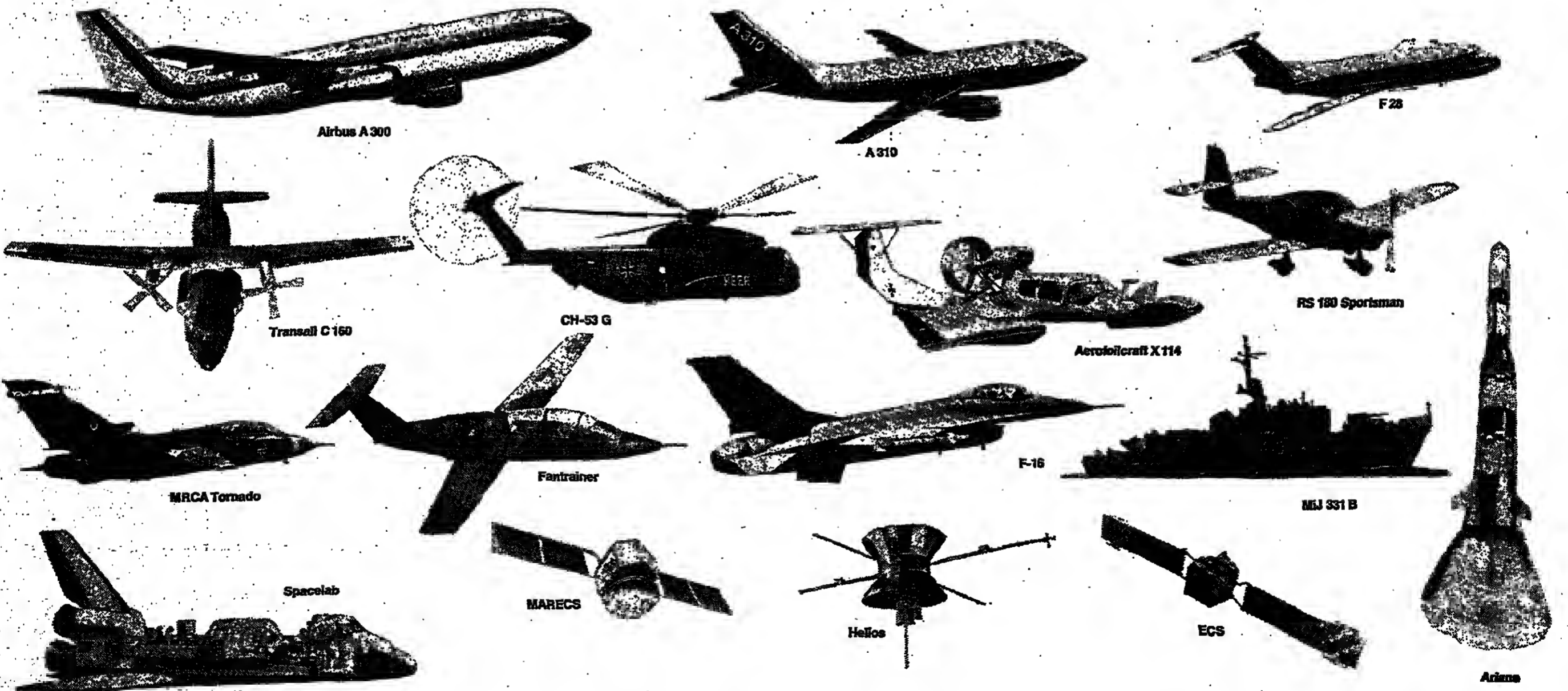
shipbuilding and fisheries. Nor is there serious opposition to the Bremen authorities' policy of attracting new industry, whose major success to date has been the announcement by Daimler-Benz of plans to extend its works in the city. Some in the SPD may have disliked the high cost Bremen is paying for this development, which has also involved the hasty revision of green belt rules and has laid the Bremen government open to the charge of playing favourites to the benefit of a particularly large and rich industrial employer. The ramifications of the plan even at one point obliged Herr Koschnick himself to go to the site to mollify hundreds of angry tenants of vegetable plots threatened by Daimler-Benz's plans (the city has given all of them new allotments elsewhere). Yet there is little quarrel with the need to change emphasis and to turn attention to the Bremen economy.

So has Bremen's reputation for radical experimentation, financed by deficit budgeting, reached its high water mark? Herr Horst-Juergen Lahmann, state FDP leader and a rising figure in his party nationally, believes a more cautious mood is now taking hold, and that indeed it must unless Bremen is to find itself attacked by more conservative forces elsewhere in the country. This in

turn could conceivably revive old arguments about whether the city state of 700,000 people is sufficiently viable to remain independent and on the same footing as North Rhine-Westphalia, with its 17.5m people. Such ideas were easier to shrug off in the days before Bremen became a heavy net receiver of tax funds from the rest of the country to balance off its own revenue shortfall—a state of affairs that has lasted for most of the 1970s.

If the question of independence should ever seriously be raised again, there can be no doubt that the city state would close ranks at once. Suggestions from politicians in neighbouring Lower Saxony that the federal constitution be changed to allow it to swallow up Bremen and Bremerhaven have stirred up a storm in the past and would undoubtedly do the same again.

Whether consensus politics, which have served Bremen so well in the past, now need some such external filip is a matter of heated debate. Yet to outsiders, some of the city state's preoccupation with political polarisation seems less compelling than it does to Bremeners themselves. The overriding first impression of Bremen is that of a city state that works. On closer acquaintance, that impression merely grows steadily stronger.



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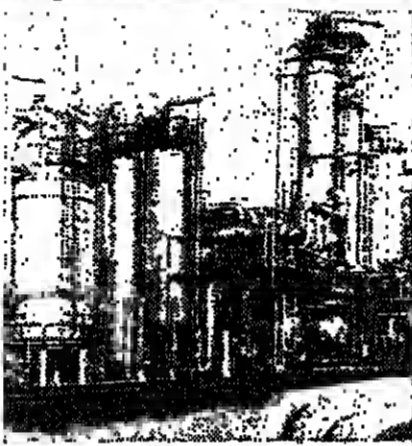
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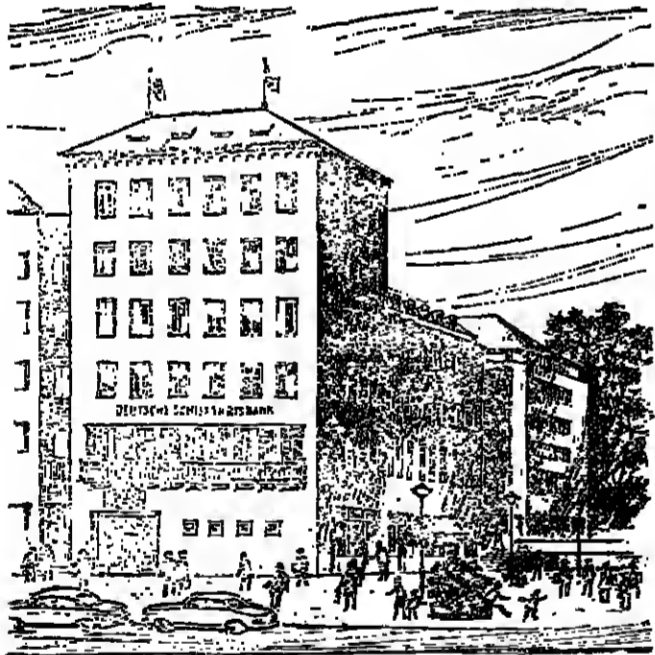
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# Shipbuilders in trouble...

IT SEEMS something of a paradox that while Bremen's prosperity remains heavily dependent on its ports, the industries that have grown up naturally alongside them are almost all in deep trouble.

Shipping, shipbuilding and deep-sea fishing are sectors in which Bremen has long traditions and expertise second to none in Germany—or, indeed, the rest of northern Europe.

All three are, at present, struggling with crises that are not of their own making, but that reflect the consequences of the past four years of deepening recession and growing protectionism in world trade.

Shipping and shipbuilding are both the victims of similar influences—the remorseless rise in the external value of the Deutschmark up to the beginning of 1979, the increasing sophistication and aggressivity of new competitor nations, and the resort to subsidies and other more or less protectionist devices by other Western industrialised countries.

Deep-sea fishing, an industry where only two years ago, Bremen provided two-fifths of the West German catch, has found itself cut off to a large extent from Icelandic and other distant waters for which its sophisticated vessels were purpose-built.

Despite the optimistic public relations surrounding such projects as Antarctic krill fishermen and fish-processing workers in Bremerhaven can hold out little hope that this situation is going to improve in the short- or medium-term.

In A.G. Weser and Bremer Vulkan Bremen has two of West Germany's largest and most versatile shipyards. No less important to the city state's economy are the seven smaller yards, some of them comfortably insulated by a high degree of specialisation against even the current crisis.

The outlook is bleak, nonetheless. A.G. Weser is working at only 50 per cent of capacity, with half its workforce on short time. It is achieving even this figure only through construction of a big floating dock, capable of taking vessels of up to 150,000 dwt, which it will put to use itself as part of a bid to build up the ship repair and refitting side of its business.

Commissioning of the floating dock will give Bremen and Bremerhaven between them a complete range of ship-repairing facilities. With an eye on today's concern with pollution that is pushing tanker-owners towards strengthening hulls, the city state hopes for work in this area.

Bremer Vulkan, to judge from its annual report issued in late April, is in better shape, with work in hand on a series of frigates for the West



Container handling facilities at Bremerhaven

German Bundesmarine and on the refitting of the passenger liner Europa, as well as those of three freighters due to be turned into container carriers.

On both the naval project and the Europa, shipbuilding experts expect some sharing of work with A.G. Weser, which is in any event hoping for up to six frigates to be ordered by Bonn in the context of its modernisation programme for West German naval forces committed to NATO.

## Hoping

For the future, however, there seems little sign yet of the turning of the corner which the industry has been hoping to see by the early 1980s. The Federal Defence Ministry does not have an unlimited need for new warships, while the cancellation of Iran's big submarine order to a Hamburg yard (no surprise in itself) has not encouraged the industry to hope for much work from the always politically sensitive export market. A test may come within the next few months for Bonn's weapons export policy if—as is widely expected—a German yard secures confirmation of a long-mooted order for frigates from Argentina.

German shipbuilders believe that if only they can survive the next two or three years, until the hoped-for business of replacing current merchant fleets materialises, they will be in a position to reap the benefits of the big rationalisation and re-equipment programmes of the mid-1970s.

These saw the Bremen yards, among others, fit themselves out to build the high-value, special-purpose vessels whose sophisticated needs cannot yet be met by the newer shipbuilding nations. For the time being, even these—liquid gas tankers, container carriers,

roll on/roll off ships—are hardly in any greater demand than oil tankers, Bremen shipbuilders say. For several types, there is even over-supply.

Last January, as part of an effort to help the shipbuilding industry through several years that are likely to be even leaner than those it has just endured, the Bonn Government and the four coastal states, including Bremen, agreed on a DM 660m programme spread over the period 1979-81.

The programme has been politely welcomed by the industry, and has been described by Federal and State politicians alike as a first step towards helping the industry to "restructure."

Privately neither side believes it is extensive enough to have much impact on the industry's fortunes, even once it is enacted.

The subsidies to be paid will amount to between 7.5 and 10 per cent (according to the year) of each order placed with a German shipyard for a high technology vessel. There is also to be an interest-free loan facility for German ship-owners to encourage them to modernise their fleets by placing orders with German yards, as well as a special pool of guaranteed finance to help shipping lines with liquidity problems.

Some German shipping men complain that these proposals, while much more modest in scope than in massive financial subsidies being pumped into the British, French or Swedish yards, are under unfair attack abroad—even though the OECD credit guidelines are felt to be rapidly crumbling.

The Federal Government in Bonn, at least, does not see its programme as comparable in its scope or in its aims to the efforts of other West European countries, some of which are so generous as to constitute a rebate of no less than 50 per

cent of a ship's price, according to the Bremer Vulkan board's report.

What Bonn wants, and has persuaded the coastal states to agree to, is a further slimming down of the industry, whose labour force has already dropped from 86,000 in 1960 to only 65,000, with the number of yards dropping from 64 to 45 in the same period.

The shipbuilding industry's own federation has already projected that a further 8,000 jobs are likely to vanish by the end of next year.

For Bremen, shipbuilding is the largest, single industrial sector, accounting for 14.6 per cent of the city state's industrial production, and 21 per cent of its industrial jobs in 1977 (the last year for which statistics are available). When subcontractors, equipment suppliers and services are included, the true dependence of the local industrial economy on the shipyards is even greater.

That the glib phrase "restructuring" means for Bremen in practice is that a considerable proportion of the industry could find itself without work.

Both the shipbuilders themselves and the Bremen Government hope it will not come to that. The city state has a (by German standards) left-wing Social Democratic faction that is urging the Government of Herr Hans Koschnick to take majority holdings in some of the yards for as long as they appear threatened by crisis, as a guarantee against redundancies.

Meantime, some of the yards themselves have been able to expand their non-shipbuilding work, while others such as A.G. Weser have even experimented with "leasing" out their skilled workers to motor and engineering companies in the hope that one day there will be enough work in shipbuilding again for them to come back.

# ...but the port flourishes

ON PRESENT expectations, the Bremen ports—Bremen itself and Bremerhaven—should see their total traffic this year recover to over 26m tonnes. Even if 1979 does not quite match the record 26.5m tonnes which the ports achieved in 1974, the year's 24.5m tonnes already marked a substantial improvement from 1977's more than disappointing 22.9m tonnes, the lowest figure since the 1960s.

Bremen/Bremerhaven as a port complex is obviously dependent as much as any of its rivals on the vulnerable world trade outlook, and these recent fluctuations in its traffic are more a reflection of a faltering world economy and of the currency instability of recent years than of any more local factor.

Besides their effect on traffic, however, these external factors have also had an impact on the policies of those responsible for the ports—the senator for ports, shipping and transport, Herr Oswald Brinkmann, and the Bremer Lagerhaus Gesellschaft, the company which runs the ports and their services. As Herr Brinkmann remarked in a recent speech, recession has sharpened the competition, not only from other North Sea ports such as Hamburg, Rotterdam, Antwerp and Le Havre, but from the Mediterranean and Baltic ports and from new overland routes from these to Bremen's traditional hinterland.

Bremen's response has been to intensify the policy it has followed since the mid-1960s of carrying out the investments needed to keep ahead of its rivals and to give full play to the advantages it has enjoyed over the centuries.

According to Herr Brinkmann, cumulative investment by the city state in its ports since 1966 (when the first container ship steamed up the Weser) has amounted to well over DM 800m. Two major projects being completed this year will have cost DM 250m between them. These are the so-called Neustaedter docks, a modern

general cargo terminal on the left bank of the Weser in the port of Bremen itself, which was officially opened on May 11, and the southern extension of the Bremerhaven container terminal, expected to receive its first vessels next month.

In the view both of Herr Brinkmann and of the BLG, the city state will have to find a further DM 300m within the next few years to finance a second extension of the Bremerhaven container facility to the north, or down-river from the existing terminal. This project would add a further 800,000 sq metres to the 1m sq metres of the terminal, and would give still more direct access to the outer Weser estuary and to the North Sea for fully-laden "third generation" container carriers.

The sums involved in these ambitious plans are daunting by most standards, and especially by those of a city state whose total budget is not much above the DM 40m mark, whose involvement in troubled sectors such as shipbuilding and aerospace is already high, and where the high level of deficit spending has become a sensitive political issue.

At the end of the day, however, it will be surprising if the BLG and the ports senator do not get their way over construction of the northward extension of the Bremerhaven terminal. For the port is not only Bremen's biggest employer by far, with a total of perhaps 120,000 jobs directly and indirectly dependent on its fortunes; still more important, it is efficient and has a proven record of seeking out new business by timely investment in innovation. There is no more vital area for the city state to invest in than the sector in which it owes its entire history and its livelihood.

Bremen can claim not only to have West Germany's highest container terminal at Bremerhaven. It can also point to a very early realisation of the full significance of containerisation for the international shipping

business. Last year, container traffic through Bremen/Bremerhaven rose by 13.6 per cent—nearly twice as fast as the total traffic for the port—to 4.8m tonnes.

Already containerised cargo accounts for one-third of the port's general cargo total. By the mid-1980s, the BLG expects the figure to be more than half of the total. Even this could well prove a conservative estimate, for, as BLG executives confess, the container revolution has come about even more rapidly than most transport experts believed it would, while the pressures on shipowners, shippers and forwarders to reduce handling time and labour costs are stronger than ever.

## Specialist

Bremen, although it had oil imports last year of 3.1m tonnes and iron ore imports for the Kloeckner works in the city of 2.8m tonnes, has chosen to remain a specialist in general cargoes until very recently. These have included cotton, wool, tobacco, coffee and other raw materials so far little affected by containerisation, whether because they could not be stored properly or because in many cases they are shipped from developing countries not yet equipped with container handling facilities at their own ports.

Bremen port planners believe this could change very quickly. Already containers with built-in cooling plants and air conditioners exist for the meat trade, and the port authorities assume it may be only a matter of time before other trades where Bremen is a European leader, such as fruit or coffee, follow a similar pattern. When they do, Bremen will be ready.

In the meantime, Bremen and Bremerhaven have also taken the initiative in several other areas. Roll-on/roll-off traffic between North Germany and Scandinavia as well as Britain has grown steadily, rising by

some 8 per cent from 1977 to 1978 to around 600,000 tonnes. LASH traffic between Bremerhaven and the North American ports was down by 12,000 tonnes last year but nonetheless amounted to some 440,000 tonnes.

Beyond these integrated systems the Bremen ports have sought out a new speciality in the form of motor vehicles imports and exports. Long a leading exporter for West German manufacturers, the purpose-built facilities at Bremerhaven have more recently become the bridgehead for much of the growing volume of imports of Japanese cars into Europe—a development that may have the European motor industry running scared but which has now given Bremen the chance to earn a better rate of return on its investment.

An conventional or non-integrated freight handling, the port also continues to ensure that facilities remain among the most modern anywhere. Grain handling, new citrus fruit unloading and storage sheds and heavy goods berths are among the special areas where the BLG can point to recent new investments.

Yet the search for new business goes on. The BLG, a public company in which the city state's government has a majority of the shares, has recently formed a subsidiary to market its own expertise elsewhere in the world, such as the sophisticated computer control system of the Bremerhaven container terminal.

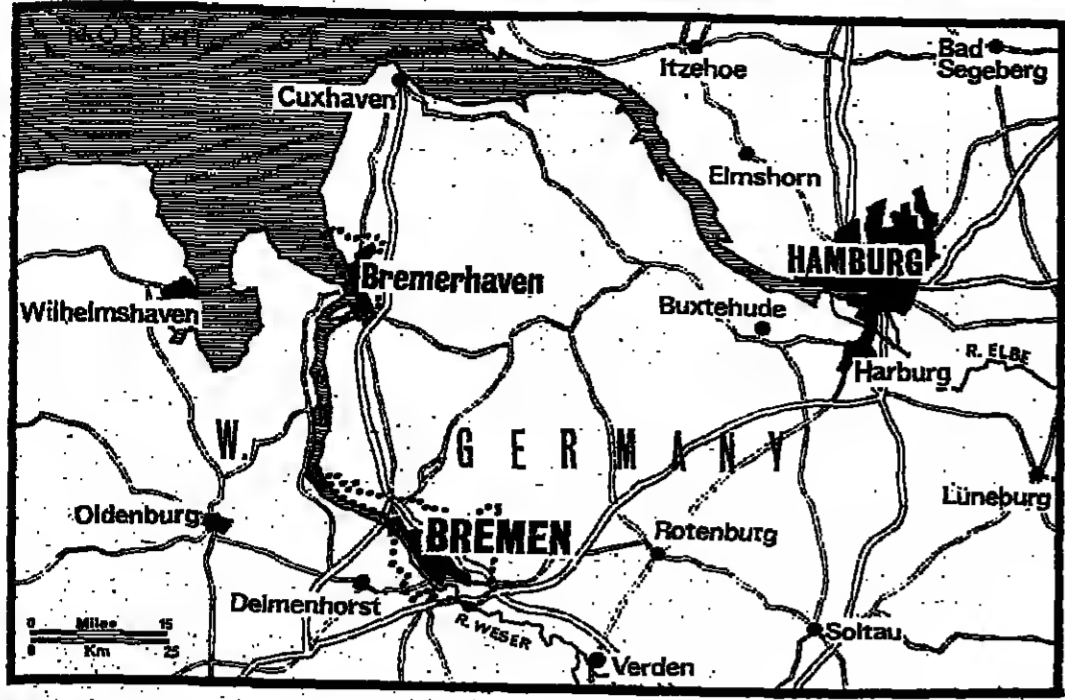
Another speciality which the port company intends to develop is the assembly before shipping of large, complex items of equipment such as power station machinery or steel plant, of the kind that is often produced by consortia of German industrial companies. The BLG is giving thought to providing special facilities for this business as one more of the services it offers to its customers.

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# Help for industry



IF THE Hanseatic tradition calls one activity to mind, it is perhaps trade. Bremen, in common with other member cities of the formidable Hanseatic League, grew and prospered as a trading centre, and the city's harbour and transport network is still the key to its economy. As a proportion of total economic activity, the Bremen and Bremerhaven ports remain the largest single employers, accounting for perhaps one job in three directly and indirectly. If anything, this international trading nerve centre for much of German, and indeed Central Europe, is growing stronger. Vast new investment is planned at Bremen and Bremerhaven to ensure for the ports an efficient and economically solid future, while the city's state motorway connections have also recently been strengthened.

Yet Bremen's economy has never consisted of its ports alone. There have long been activities and services which owe their origins and their expertise to seafaring and trade—merchants and commodity brokers (including cotton, wool and tobacco markets), warehouses and forwarding companies. Alongside these have developed banking houses, specialised insurance institutions and financial services, many of them catering to the shipping and trading community, not only in Germany but worldwide.

And not least, Bremen, as a regional centre for much of the surrounding areas of Lower Saxony, offers the range of wholesale and retail trading and distribution services that might be expected from a sophisticated and cosmopolitan city.

Central as all these activities are to Bremen and to its enviable position as second richest (after Hamburg) among the German federal states in gross domestic product per head, there major investment and personnel decisions are made. The Bremen Government, following the examples of Bavaria and Hamburg, which have long had stakes in MBB, has felt obliged to take a hand in this protracted manoeuvring. Last year it acquired control of a holding company, which in turn owns a blocking 26 per cent minority share in the German side of VFW-Fokker. There is some difference of opinion within the Government and within the Bremen SPD about the purpose and duration of this exercise. Many on the left of the party, with the support of the local unions, want to see a permanent Bremen stake in the merged company, believing it to be Bremen's best guarantee against redundancies and its best way of ensuring that VFW gets a fair share of future military as well as civil work. North Germany has long felt itself disadvantaged compared to Bavaria and has sought to redress the balance. Yet old rivalries prevent Bremen from leaving this role to Hamburg.

In seeking to cut this knot of conflicting interests, Herr Martin Gruener, the Bonn Government's co-ordinator for the industry and Economics Ministry state secretary, has recently shown signs of using the one means available to him to put pressure on the industry—money. The Government is not only VFW-Fokker's guarantor and creditor. It also has to approve the release of funds for the Airbus programme, hatch by hatch, and has in recent weeks been making not-so-veiled hints that these may not be automatically forthcoming unless there is some convincing progress on the merger front.

For VFW itself, the pressure is likely to be uncomfortable. The company is already financially stretched and is finding it hard to commit the funds it would like to for investment in the tooling and plant it will need in the future. For all concerned in Bremen, the merger with MBB is no longer something to be put off, as VFW executives once hoped, but an inevitability that the company would like to see put into effect as soon as possible.

domestic product now than it was 25 years ago, even if it has grown less fast than the services sector.

It is the city state's misfortune as present that several of its key industries have simultaneously found themselves in deep trouble. Steel, where Bremen can boast one of the most modern works in Germany, served by direct access to the Bremerhaven iron ore terminal, is in its fourth year of worldwide crisis. The Kloeckner works is finding itself held down by the European Commission quota system to rates of production too low to make efficient use of its blast furnaces. The first signs of a healthier trend in world steel markets have not yet significantly changed the outlook for the industry in West Germany, although Bremen officials are hopeful that employment prospects for the steel sector locally will improve.

## Guarantees

The aerospace industry, for which the Bremen state government was obliged to put up DM 48m in guarantees in late 1977, has been set on a firmer base with the financial restructuring of VFW-Fokker. With a long list of customers for the European A300/310 Airbus programme, Bremen's senator for economic affairs, Herr Dieter Tiedemann, says that the industry is "past the worst." The same cannot yet be said for the hard-hit shipbuilding sector, or for the deep-sea fishing industry based at Bremerhaven.

Between them, these four hard-pressed sectors account for some 45 per cent of Bremen's industrial jobs. Their current difficulties do much to explain an unemployment rate in the city state that is, at 5.1 per cent, 1.3 per cent above the average for West Germany as a whole. Nor does it come as a surprise that the most recent survey of local business opinion by the Bremen Chamber of Commerce shows a marked divergence from the overall national mood of confidence revealed by the monthly IFO-Institute poll. The Bremen chamber's questionnaire showed a significant rise,

from 39 to 45 per cent, in the number of businessmen considering the outlook had, while only 12 per cent were willing to describe it as good.

There were wry smiles among Bremen bankers in late March when the Bundesbank increased its discount and Lombard rates as what its president, Dr. Otmar Emminger, described as the time at "alarm bell number one" to warn the German business and financial community of the risk of renewed inflation later this year. To many in Bremen, the danger must seem a remote one, and Dr. Kurt Nemitz, president of the Bremen state central bank, is widely thought to have put up a strong case at the Frankfurt Central Bank Council meeting against prematurely squelching a recovery that, in much of North Germany besides Bremen, has yet to come into full effect.

The Bremen Government's response to what is at bottom a structural, rather than a cyclical, economic problem has been three-fold. It has taken a leading part, through the joint working group of economics ministers of the four coastal states and the Federal Government, in pressing for regional solutions to the common difficulties of the North German economic structure. It has also, encouraged by strong feelings on the Left of the Social Democratic Party and in the trade unions, intervened in VFW-Fokker as a guarantee of local employment, and it may do the same in other sectors. Finally, it has set up a new and vigorous programme to attract fresh industrial investment.

On the first count, Herr Tiedemann as current chairman of the joint working group is satisfied that the four coastal states and the Bonn Government have, since the beginning of this year, combined their efforts to help shipbuilding and fishing. In the first case, a DM660m subsidy programme to allow the yards to make their terms more attractive was jointly thrashed out, with Bonn paying two-thirds and each state government one-third of the cost over three years. Fishing is a matter for discussion

in Brussels rather than Bonn. But here, too, the states concerned have made their collective voice felt. Beyond these two specific problems, the group has reached an understanding on subsidy terms, intended to stop ruinous competition among the four states. And for the future, it is hoped to coordinate better the region's approach to communications, energy and major scientific and technological research projects.

## Active

In the shorter term, however, Bremen has felt forced to take more active steps to protect jobs at home. In addition to its purchase of an indirect stake in VFW-Fokker as a means of safeguarding Bremen's interests when the company is finally merged with Messerschmitt-Boelkow-Blom of Bavaria, the city state's government is under great pressure to take up stakes in one or more of the shipyards. Both Herr Tiedemann and his more left-wing colleague Herr Scherf, the senator for finance, insist that if Bremen is obliged to put up more money to help the industry survive, it will in return want to have a say in how the money is used. That does not mean a permanent nationalisation, but a more limited operation that would both help the shipbuilding industry through a painful construction, and it is hoped, ensure a sounder future for what survives. As it is, some 5,000 out of 21,000 jobs in Bremen's shipyards are likely to have disappeared between 1977 and 1982.

Measured by the rough arithmetic of job totals, intervention by the Bremen government in the shipbuilding industry would be essentially a protective measure. Yet most economists agree that the city state needs to provide at least 30,000 new jobs by about the mid-1980s. It is here that the third element in Bremen's economic policy, its programme to attract new industry, may now be coming into its own. Earlier this spring the city state scored a triumph of the kind that most industrial development authorities can

only dream about, when it agreed on terms under which Daimler-Benz would invest around DM1bn to enlarge and expand its plant in Bremen. Much was at stake for the Bremen authorities—Herr Tiedemann, Herr Scherf and the man directly in charge of attracting new industry, Herr Hans-Bernd Giesler. Winning a major investment by such a blue ribbon company would be Bremen's best advertisement to other potential new arrivals. Moreover, in addition to the 2,000 jobs expected to be created, the city hopes for a substantial "ripple" effect that will bring in fresh component companies, while it would also give Bremen a strong appeal for other motor manufacturers—for example, the Japanese companies, which already use the port as a major import and distribution centre in Europe.

On the other hand, Daimler-Benz could not fail to realise that Bremen, once interested, would offer almost any terms it could to secure the deal. The company had let it be known that, should it not secure the financial assistance it sought for the new investment, it might consider closing down the existing Bremen works. This was taken over from Hanomag-Henschel in the 1960s, and currently employs some 4,000 men to build the new Mercedes station wagon and a range of small vans. Daimler-Benz was also engaged in talks with several other German cities no less anxious to attract it.

Bremen bought the business dearly, with contributions in the form of roads, infrastructure, land acquisition and the like that will probably add up to something between DM 1.8bn and DM 2m. To a city state with a high debt ratio already, such sums are not easy to justify. Yet there is little real political argument over the Daimler-Benz affair. Bremen had no alternative but to agree if it wanted an investment which it believes will not only give rise directly and indirectly to over 15,000 jobs over the next decade, but will be its best advertisement to the outside world as a centre of modern industrial growth.

The A300 Airbus is proving a commercial success and has assured work for some years to come

# Aerospace merger still awaited

ALTHOUGH AEROSPACE ranks relatively low down the list of Bremen's industries in terms of the number of people it employs, it occupies a special place in local esteem. For it is the most important and most conspicuous among the high technology sectors represented in the city state, and perhaps the one that comes closest to embodying Bremen's economy. It is no grey-matter capital of the north in industrial terms as well as in its range of scientific institutes and laboratories.

Only a year ago, aerospace would have had to be counted among the all too many threatened sectors of the Bremen economy. It is no longer so. VFW-Fokker, the West German arm of the German-Dutch group, has no longer to fear for its very existence; the long, losing financial battle to save the short-haul VFW 614 jet airliner was resolved in late 1977 with the project's cancellation. In return, the federal Government in Bonn and the Bremen state government stepped in with a large package of subsidies, credits and loan guarantees.

Alongside VFW-Fokker's main premises, moreover, is the headquarters of a unique subsidiary, ERNO Raumfahrt-technik, prime contractor to the European Space Agency for development of Spacelab. This programme, which enjoys acceptance of the U.S. invitation to participate in putting to use the Americans' many years of manned space flight experience, is associated with the space shuttle. Spacelab has had its own problems, yet to a great extent it has been built on time and within budget, and promises to be ready before the shuttle itself.

ERNO's activities include a range of satellite projects for research and telecommunications as well as work on the Europa I and II launcher systems, and more recently, in number of successful applications of aerospace technology to marine environment. Yet Spacelab remains its largest single project, and here it has been the responsibility of the Bremen company to assemble and co-ordinate the parts made in 11 different European countries. Beyond this, ERNO is

also taking the lead among European companies involved in the Spacelab venture in trying to organise a series of continuing tasks for operational missions. It has completed, a so-called payload integration centre, intended to help industrial users of Spacelab to integrate their experiments or tasks as inexpensively as possible into the European companies are interested in using the exotic experimental and work conditions which Spacelab will make available. Much will also depend on whether the European contractors receive from NASA the contract for a second Spacelab which they have long been looking forward to.

Workload Despite the relatively good workload in hand at both ERNO and VFW-Fokker itself, a question mark still hangs over the group's future: how long must it wait for the eventual merger with Messerschmitt-Boelkow-Blom? The West German Government has for the past two or three years been trying to push the two groups together in order to match the examples of France and Britain, each of which has brought its major aerospace companies together under a single roof. There is an important difference, however, in Bonn's plans, in that it has no wish to nationalise the industry, and indeed would like to see the present holdings of state governments in aerospace sold off to private interests.

A price is, however, being paid for this attachment to free market virtues in the form of the seemingly endless delays before the merger goes ahead. In Bremen, there is undisguised impatience. In early February, the Chairman of the VFW general works council, Herr Erwin Hiltrink, made common cause with his opposite number at MBB in Bavaria, Herr Alois Schwarz, to fire off a demand to the Bonn Government both to speed things up and to guarantee that both companies would have an adequate amount of work in the future.

Executives in Bremen are no less anxious. Yet the decision is out of their hands. First, there is as yet no final scheme for separating the Dutch Fokker side from the German VFW half of the group, although it is now considered in Germany that this is an essential first step. Nor is there agreement among

either MBB or VFW shareholders on the size of the stakes in the joint company once it is formed, or on which among the present shareholders should in future have its own seat on the new group's supervisory board, where major investment and personnel decisions are made.

Dear Sirs,  
If it is absolutely necessary to take a step on to the continent for business purposes you ought to do it there—where you meet people who appreciate your way of life, where you meet similarity in manner of business, where you have the same channels at the back of you as is on your own doorstep, where all the roads, that open the continent to you, begin:

## Bremen and Bremerhaven



If you want to know more: Contact us!  
In Birmingham, 22nd May 1979 - in London, 23rd May 1979 - otherwise in Bremen, daily from 8 a.m. to 5 p.m.

Hans Bernd Giesler  
Bevollmächtigter des Senators für Wirtschaft und Außenhandel des Landes Bremen für Unternehmensansiedlung

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## Bid to settle Nickel strike fails

BY JOHN EDWARDS, COMMODITIES EDITOR

**INTERNATIONAL NICKEL** workers in Canada have voted against a settlement aimed at ending their eight-month strike at the company's Sudbury Mines, it was announced yesterday.

Although the terms of new three-year labour contracts were recommended by union officials on the bargaining committee, 57 per cent of the 9,721 workers who voted

decided against acceptance. Rejection of the proposed settlement was not entirely unexpected. Last week union stewards claimed that not enough concessions had been attained to justify ending the stoppage. Nevertheless, the rejection is a severe blow to International Nickel. The Sudbury mines produce 70 per cent of the group's nickel as well as virtually all

its copper, cobalt and platinum. The lengthy strike has already drastically reduced the group's surplus nickel stocks. Inco claims that it can meet normal consumer demands for nickel out of existing stocks until the end of June, but there are already shortages of some grades, and nickel prices have risen sharply in recent months

since Inco is the world's biggest producer. Prospects of a settlement helped lower free market nickel and copper prices last week. The market will now be anxious for settlement negotiations to be resumed. A company spokesman yesterday expressed disappointment at the rejection of the settlement but gave no date for a resumption of talks.

## Industry focus in Speech

BY PHILIP RAWSTORNE AND JOHN ELLIOTT

**THE CONSERVATIVE** Government's first legislative programme to be announced in the Queen's Speech tomorrow is expected to focus on the radical shift in industrial policy promised in the election manifesto.

Mrs. Margaret Thatcher aims to set a brisk, enterprising style for her new administration by giving priority to Sir Keith Joseph's plans for reducing Government involvement in industry by pruning the public sector and cutting back industrial subsidies.

The reversal of Labour's industrial strategy will be closely allied to a tax-cutting Budget on June 12 designed to encourage individual and corporate initiative.

Early legislation is expected to include a bill to enable the Government to sell off parts of the nationalised aerospace and shipbuilding industries to private interests.

Legislation to deal with the National Enterprise Board's holdings and to redefine its role is unlikely to be published before the autumn. Sir Keith will begin talks this week with Sir Leslie Murphy, the NEB's

chairman, on the Government's proposals. In the meantime the Government will consider trimming the NEB's activities by cutting its £275m annual allocation of State funds in the Public Spending White Paper.

The Queen's Speech will probably not go into any detail than simply announcing that the Government is preparing an Industry Bill on the NEB. Further thoughts may emerge during the industry debate on the Speech when the major speakers will include Sir Keith and possibly Mr. Adam Butler, his Minister of State.

### Flexible

When the Bill does emerge later in the year it will cancel the NEB's powers compulsorily to acquire profitable companies in the private sector as well as disclosure of information requirements on companies. Both these powers were included in the last Government's 1975 Industry Act but have never been used.

It is also likely to cut back the £450m top limit for the

NEB's borrowings that was laid down in an Industry Act passed just before the election. Some Ministers also want to reduce an interim £30m ceiling that the Act introduced as a first stage.

These changes are likely to be broadly acceptable to the NEB, but any proposals for companies to be compulsorily sold off may well be resisted by Sir Leslie, who would rather follow a more flexible course of inviting more private sector equity into the NEB's activities.

The Government's initial savings on industrial subsidies are likely to come mainly from reductions in the public sector itself. Mrs. Thatcher indicated at the weekend that, though the Government intended to introduce a much more selective policy of industrial aid, it would continue to support the Scottish Development Agency and would help industries to overcome short-term transitional problems.

Sir Keith's determined start on the withdrawal process will be underlined by legislation to dismantle the Price Commission and to amend the Employment and Protection Act, whose provisions

are believed to be inhibiting the expansion of many small businesses.

The Price Commission may be merged with the Office of Fair Trading but discussions are still continuing on which, if any, of its powers should be retained by Ministers.

### Caution

While Sir Keith and the other economic and industrial ministers set the pace for the Government, Mr. James Prior, Employment Secretary, is being allowed to proceed with more caution in handling the potentially explosive issues of industrial relations.

The only early legislation expected is an enabling Bill to provide public funds to finance the voluntary adoption by trade unions of secret postal ballots. Manifesto proposals to cut social security payments to strikers' families appears to have been pushed into the background; and Mr. Prior is to embark on thorough, detailed discussions with the TUC about legislation on closed shops and secondary pickets.

## Leftist group's censure motion on Callaghan and Labour NEC

BY ELINOR GOODMAN, LOBBY STAFF

**THE RECRIMINATIONS** over Labour's election defeat were stepped up at the week-end as the Left tried to exploit the situation. A group claiming to represent grass roots activists urged constituency associations to support a motion censuring not only Mr. Callaghan's Government but also the party's National Executive, for failing to fight the election on policies endorsed by the annual conference.

They also circulated a number of other draft resolutions for this year's conference proposing changes long-favoured by Left wingers, including the former Energy Secretary, Mr. Anthony Wedgwood Benn, and resisted by the Right.

The Left-wing moves were countered by Mrs. Shirley

Williams, the Right's standard-bearer, who remains a member of the party's National Executive though she lost her seat in the Commons.

Public service strikes last winter had been the main cause of Labour's defeat, she said yesterday. Charges of extremism linked with fear of trade union power had frightened many voters.

The Labour campaign had also lacked a robust radicalism which the party now had to revive, she said.

The commitment of the party's activists could not be a substitute for breadth of support, she said. "It is a breadth of support that Labour—the party much more than the Government—has sacrificed in recent years."

The party had been too long engaged in a sterile internal

dialogue. It had failed to grapple with some issues like trade union reform or control of industry because they were embarrassing or divisive. It had given insufficient radical thought to emergent problems like the impact of new technology on jobs or the looming world shortages of energy and raw materials.

The Left-wing proposals, contained in the latest edition of the publication, Labour Activists, were made by the Labour Co-ordinating Committee, a group which though he is not a member of it, is normally associated with Mr. Benn. The LCC apparently believes that Mr. Benn, as a member of the Labour Government and the NEC, cannot entirely escape the blame for Labour's defeat—though a number of the constitutional changes they favour

could strengthen his long-term influence.

Accusing Mr. Callaghan's Cabinet of turning Labour into little more than an alternative Conservative Party, the LCC says that the Parliamentary leadership has usurped the annual conference's position as the party's policy-making body.

The LCC proposes a number of changes to make the Parliamentary Party more accountable to local activists. Most of these ideas are well established aims of the Left—like the annual re-election of the Cabinet—but some, like the proposed new rules for re-selecting MPs, are ideas which the moderates in the party had hoped had been buried for the foreseeable future by previous conference decisions.

Editorial Comment, Page 14

## 2,000 Punjab police held

ABOUT 2,000 policemen have been detained in Punjab, north-west India after a mutiny in pursuit of a pay claim.

Troops have taken over three police armouries and the paramilitary Border Security Force has been called to several towns where the policemen demonstrated.

The policemen continued to support their demand for better pay and to protest at alleged political interference in their work.

The fact that the army has been called in belies official claims that calm has now been restored to many of the towns affected by the police revolt.

Troops are still on the alert in most of the towns and the authorities are using almost any methods in order to suppress the dissent.

The State Government in Punjab has also threatened instant dismissal for policemen with less than three years service and disciplinary action for the others.

The Indian Government is in close touch with the Punjab authorities because of fears that the unrest in Punjab will fuel disorder in many other parts of the country.

## Hurricane: thousands homeless

UP TO 25 people are feared dead and thousands have been made homeless by a hurricane which swept from the Bay of Bengal into Andhra Pradesh at the weekend.

The hurricane has now abated to "storm strength" according to officials. But in the Nellore and Prakasam districts which were the worst affected, the extent of the damage because both are cut off.

The wind and torrential rain battered a 100-mile stretch of coastline in the same region as the 1977 storm, which left dozens of people dead.

About 250,000 people were evacuated from the affected areas while many more were sheltering in schools and government buildings. One report said that Nellore was "a picture of total desolation."

## Weather

UK TODAY

IT will be fine in the South but windy in the North. Rain will spread South-East over Scotland and N. Ireland.

London, Midlands, Central N., Central S. and S.E. England and E. Anglia

Sunny after early fog, but cool near coasts. Max. 25C (77F).

E. and N.E. England  
Sunny periods. Very warm except near coasts. Max. 24C (75F).

Channel Isles, S.W. and N.W. England, Wales, Lake District, Isle of Man  
Cloudy with occasional drizzle but drier inland. Max. 12C (54F).

S. Central and E. Scotland, Argyll, Central Highlands, Perth N. Ireland  
Bright periods at first. Cloudier later with rain in some places. Max. 19C (66F).

N.E. and N.W. Scotland, Orkney, Shetland  
Cloudy, occasional rain. Max. 13C (55F).

● **OUTLOOK:** Rain or showers in many parts. Dry at first in the South. Cooler.

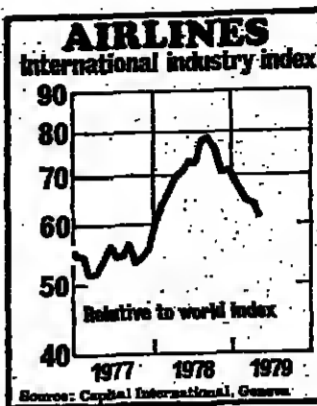
**WORLDWIDE**

City	Temp	Wind	Cloud
Algeria	20	SE	2
Amman	18	SE	3
Athens	21	SE	2
Bahrain	29	SE	2
Bombay	28	SE	2
Buenos Aires	18	SE	2
Calcutta	28	SE	2
Cairo	24	SE	2
Chengde	14	SE	2
Chicago	18	SE	2
Copenhagen	12	SE	2
Dublin	12	SE	2
Hong Kong	25	SE	2
London	18	SE	2
Madras	28	SE	2
Manila	28	SE	2
Mumbai	28	SE	2
Nairobi	22	SE	2
Paris	18	SE	2
Rangoon	28	SE	2
Singapore	28	SE	2
Tokyo	18	SE	2
Washington	18	SE	2
Zurich	18	SE	2

## THE LEX COLUMN

# Money targets are so hard to hit

With inflation, on a year on year basis, likely to surge well past the current 10.1 per cent level during the remainder of 1979, the financial markets are going to require early evidence that the Government will honour its promises about the restoration of tighter financial disciplines. It looks increasingly improbable that the first Tory Budget—coming near the end of the first quarter of the financial year—can achieve any significant hatchet job on the 1979-80 public sector borrowing requirement. The Chancellor may in fact have to rely on one-off devices to hold the line this year, while promising a more genuine reduction in 1980-81. So the attention of the markets will focus on the Government's monetary stance, given that determination to keep control of the money stock can be demonstrated over a much shorter time scale than can schemes to change the overall Budgetary stance.



The simplest way to demonstrate determination would be to impose a cut in the present 8-12 per cent target growth range for sterling M3, provisionally rolled forward into the current year by Mr. Denis Healey. But his successor Sir Geoffrey Howe is starting from a position of weakness, with the money supply as usual tugging at the leash.

For the 1977-78 financial year the target was overshoot by a margin of several points, and for the year just ended it is touch and go whether the April jump in sterling M3 will have been small enough to leave annual growth below 12 per cent. There is room for a rise of about 1.7 per cent in April. The revised seasonal adjustments published last week seem to have worsened the picture. They suggest that in the first six months to October, where the original figures implied an undershooting, growth was well up to the middle of the range. For the second six months to April growth is certain to be excessive.

In view of the poor record of the authorities in achieving published monetary targets so far, Sir Geoffrey's first task may not be so much to reduce the growth range as to find reliable ways of staying within it.

**UK Airlines**  
With all the talk about the Government selling off part of British Airways, one thing has been overlooked. Do the big institutions want to buy airline shares?

Apart from one or two tiddlers like Davies and New-

man or Horizon Midland (combined market capitalisation £24m), there are no major publicly quoted airlines in Britain. Consequently, last week's placing of 13.4 per cent of Caledonian Airways (parent of British Caledonian—Britain's second flag carrier) was an interesting test of the appetite of the investment institutions. It valued the whole airline, which claims to be Europe's largest independent scheduled operator, at just under £30m.

Like British Airways, Caledonian has aspirations to go public in the not too distant future. However, the word is that not every institution was falling over itself to get its hands on Caledonian shares. Obviously, a big problem is that Caledonian is an unquoted company which makes it difficult either to trade or to value the shares.

The Caledonian shares were placed on a yield of 5.4 per cent and an earnings multiple of six times fully taxed and diluted earnings (historic and prospective). On the basis of the company's actual tax charge the multiple drops to just under three.

For comparison the three U.S. airlines, Braniff, Continental and Delta, are selling on an average multiple of 5 and a yield of just over 3 per cent. The average prospective multiple for all three is just over seven, reflecting the expected downturn in profits this year.

Britain's Dan-Air sells on a fully taxed multiple of 7.4 and yields 7.3 per cent.

Given Caledonian's volatile record—it has lost money in three out of the last seven years, and has only recently started paying a dividend—its current rating looks a little high. It is entering a period when it will have to cope with noticeably higher fuel costs together with increased competition. In addi-

tion, it has capital commitments of £110m and is talking about spending another £50m plus. For a company with a net worth of £31m these are ambitious plans indeed, and the institutions' caution is understandable.

**Pye**  
A Pye shareholder looking to his company's annual report to elucidate Philips' abortive plans to "reconstruct" Pye earlier this year will be none the wiser. He will simply find a compressed version of the Pye statement issued by Philips, which holds 69.7 per cent of Pye, to the effect that it decided not to proceed. Philips evidently found it embarrassing to conduct its negotiations with Pye in public, as it was forced to do after some inkling of its plans reached the stock market and drove Pye's share price up to over-optimistic levels.

Following the Electronic Rentals imbroglio in 1977, when Philips mysteriously increased its stake from 29.2 per cent to 30 per cent and was forced into the charade of making a total bid, the Pye affair cannot help the Dutch group's reputation for handling companies in which it is not the only shareholder. Philips must have some plans for Pye; the present structure, with some parts of Pye closely involved with the parent and others not at all, is plainly unsatisfactory. Philips is still subsidising the telecommunications company Pye TMC—according to the annual report, to the tune of £6.8m last year, up from £5.3m. This figure compares with Pye's £5.5m attributable profit, and the dividend of £1.2m paid to Philips.

If Philips has indeed permanently "dropped its plans for a financial reconstruction, then the minority shareholders of Pye are entitled to be given a better idea of the way the links between Cambridge and Eindhoven are now going to develop.

Meanwhile the annual report, in its accounting policies, shows clearly the hand of the parent, and the published earnings figure of 13.4p a share is stated conservatively after a replacement cost depreciation charge. But the figure would be only 9.2p if struck after the appropriation to stock replacement reserve. Alternatively, ordinary historic cost accounting together with an SSAP 15 tax charge would give rise to earnings of nearly 30p a share. No wonder Philips wanted to negotiate in secret.

## Homes sale measures 'shortly'

By Andrew Taylor

**THE FIRST** measures to implement the Government's election promise to make the sale of council houses to tenants easier and cheaper are to be introduced very shortly, Mr. Michael Heseltine, Environment Secretary, said at the weekend.

Mr. Heseltine plans to revoke the existing arrangement—introduced by the last Government two months ago—limiting council house sales to tenants who had been living in the property for at least two years. At the same time, he proposes to issue a new general consent allowing local authorities to offer more generous discounts to tenants buying their own homes.

The measures are expected to be announced within days and local authorities negotiating council house sales have been asked to delay purchase until the consent, which will permit higher discounts, is made.

The authorities, a number of which switched from Conservative to Labour control in the recent local elections, will be urged to bring their policies on council house sales in line with the new measures. Under the Government's proposals, council and new-town tenants living in a property for at least three years would have the right to buy it at 33 per cent below market value.

At the other end of the scale, tenants of 20 years' standing would be offered a 50 per cent discount. In addition mortgages of up to 100 per cent might be granted.

## Polytechnic lecturers begin action on pay claim today

BY ALAN PIKE, LABOUR CORRESPONDENT

**DISRUPTION** in education will worsen today when lecturers in polytechnics and local authority colleges begin action over their pay dispute. The teachers' dispute, which has already led to sanctions in schools, continues.

Members of the National Association of Teachers in Further and Higher Education will begin a withdrawal of goodwill this morning in support of a 28 per cent pay claim. This will involve lecturers imposing a 30-hour week and refusing to cover absence, weekend work or residential courses.

Mr. Peter Dawson, the association's general secretary, said that the action would result in classes being left uncovered. A 9 per cent pay offer from the local authorities was "quite unrealistic" in the light of what had been awarded to civil

servants and others, he said. Members of the National Union of Teachers and the National Association of Schoolmasters-Union of Women Teachers are imposing sanctions in schools over a 36.5 per cent claim to restore the value of the 1974 Houghton award.

At the weekend the NUT executive ignored ministerial appeals for a return to normal working and decided to take a ballot on extended strike action in selected areas unless resumed negotiations later this week made substantial progress.

Mr. Mark Carlisle, the Education Secretary, will meet local authority employers on Wednesday. The employers are expected to resume talks with the unions on Friday.

In a speech to the Scottish

Conservative Conference at Perth Mrs. Thatcher attacked the industrial action in schools and said that it "cannot possibly help the cause of an honourable profession for teachers to damage the prospects of the children they teach."

This brought a response yesterday from Mr. Fred Jarvis, NUT general secretary, who said that his union's withdrawal of "goodwill" affected only voluntary activities of teachers.

"The way to end this sad state of affairs lies in Mrs. Thatcher's own hands. She must decide that teachers are going to be given treatment worthy of a learned profession and comparable to that which her Government has already given to the police and armed forces."

Continued from Page 1

## Carter under pressure

is not seriously disputed that he has handled his own Congressional relations badly. He is widely considered to be abrupt and didactic in his appearances on Capitol Hill and unhelpful in providing Congressmen with hard information on energy supplies.

His staunch belief in nuclear power has also been criticised in the wake of the Harrisburg nuclear accident of six weeks ago. Several Congressional committees are preparing legislation which would, at the very least,

impose a moratorium on future nuclear power station construction, and these committees have looked askance at his contrary contention that the licensing procedures for such work should be streamlined.

There also is a suspicion that Dr. Schlesinger is too sympathetic to the oil companies. Eyebrows were raised here a week ago when it was reported that the Energy Department routinely informed the major industry lobbying organisation of proposed policy changes

before they were made public. In this area, Dr. Schlesinger is a prisoner of circumstance. The Government has been obliged for years to rely on data furnished by the industry about oil supplies and, lacking world-defying investigatory authority of its own, has had no alternative but to work closely with the oil companies.

But this is hardly a useful argument at a time when the public simply does not understand why it cannot buy petrol as in times past.

**A few words about Tokai Bank's expanding international operations.**

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So don't just think of us as a Japanese Bank. Think of us as a bank that serves Japan and the world.

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